

NEWS: INTERNATIONAL

Tokyo to tighten checks on banks

By William Dawkins in Tokyo

The Japanese government yesterday launched plans for stricter supervision of banks' overseas units, in an attempt to reinforce its financial system's weakened international credibility.

Mr Masayoshi Takemura, the finance minister, announced the formation of a panel of top bureaucrats, to start work next week and recommend changes within the next month.

At the same time, the ministry asked the top 21 banks for the first time to make full disclosure, next Tuesday, of their bad debts, including restructured loans.

This will be revealed next week as a single figure for the industry, rather than by bank. The ministry's most recent - often revised - estimate puts the banking system's bad debts at ¥40,000bn (2245bn) by the end of March.

Most analysts believe the real level is about double that figure, which only includes loans on which interest payments are more than six months late, not loans on which interest or payment periods have had to be changed.

Neither does it include bad debts piled up in bank affiliates.

Both moves are a response to the international fallout from the delay in disclosing a \$1.1bn (£595m) bond trading loss at Daiwa Bank's New York office. It led to the expansion of Daiwa from the US and further pushed up all Japanese banks' cost of borrowing international markets.

"The message is that our traditional style of supervision is not appropriate. We must change," said a ministry official.

Mr Takemura blamed the cozy relationship between banks and the finance ministry for the delay in informing the US authorities and called for an "arm's length" relationship between the ministry and financial institutions.

"Banks should stop being sensitive to the ministry's moods and stand on their own feet," he said. "The ministry should refrain from making unnecessary interventions."

That would mark a radical departure from previous practice, whereby supervision was a matter of informal guidance, in line with Japan's traditionally close ties between the bureaucracy, industry and politics.

The panel, to be headed by the ministry bureaucrats in charge of international finance, banking, inspection and a deputy minister, will focus on beefing up supervision of overseas branches.

It will consider requiring regular audits of foreign subsidiaries, carried out by independent auditors, to replace the current system of informal joint ministry and bank inspections.

Any foreign subsidiary - more than 50 per cent Japanese-owned - would be required to report. At present, there is no such requirement in Japanese banking law.

At the same time, the ministry will consider increasing its team of 400 bank inspectors, a small fraction of the 8,000 banking policemen in the US. They will require a standard list of written evidence from banks being checked, in place of the present "consultations".

Officials emphasised that increasing the size of the bank inspectorate alone would be insufficient to regain credibility. The panel would concentrate on shifting to a method of supervision more in line with the expectations of international markets and less in line with Japanese tradition.

Japan yesterday acquired a new financial worry, with the announcement that Mr Yasuo Matsushita, 69-year-old governor of the central bank, is in hospital recovering from surgery.

Mr Matsushita was admitted to hospital on Sunday, for the removal of a prostate gland tumour, said the Bank of Japan. He was in good condition after surgery on Wednesday and is expected to return to work in three to four weeks, said officials. A regular health check in June showed the early stages of prostate cancer.

The BOJ governor's indisposition comes at a difficult time for the central bank, when international confidence in the stability of Japan's financial system has weakened fast. The BOJ is faced with the risk of a shortage of funds among Japanese banks, following the collapse of several small banks and alleged attempts to cover up US bond trading losses at Daiwa Bank.

Victim of Lagos' brutal indifference to critics

The execution of Ken Saro-Wiwa for inciting the murder of four rival Ogoni politicians last year brings his brief controversial career as a minority rights activist to a tragic end.

It was his misfortune that Nigeria's increasingly isolated military regime chose the issue of his trial to show that it was indifferent to international criticism of its human rights record.

Kenneth Beeson Saro-Wiwa was born in 1941 in Bori, Ogoniland, now in Rivers State, Nigeria. He was better known as an author and playwright until 1990, when the Movement for the Survival of the Ogoni People, known as Mosop, was formed.

As Mosop's head of publicity, Saro-Wiwa masterminded the most militant campaign for minority rights in Nigeria since civil war in 1967. He also targeted Royal Dutch Shell, the oil giant, as responsible for the plight of the Ogoni.

Mosop published an Ogoni Bill of Rights claiming the right to self-determination as a distinct people within Nigeria, a fair share of the

Mosop was founded by traditional chiefs and civil servants with moderate political views who advocated dialogue with central government to get a better deal for the half million people in Ogoniland. The Ogoni live in a densely populated area where oil was produced by Shell from the early 1950s until it stopped operations in 1993.

Political power in Nigeria traditionally lies in the north, while the commercial centre is in Lagos in the west. Like the other minority tribes in the delta, the Ogoni felt disenfranchised and deprived of their fair share of the oil revenue from the area, which accounts for 80 per cent of government income and 90 per cent of exports. Despite this wealth, the oil-producing areas have almost no infrastructure.

Mosop published an Ogoni Bill of Rights claiming the right to self-determination as a distinct people within Nigeria, a fair share of the

oil revenue, more national representation and control over their environment to Shell to provide \$10bn in reparations or leave. A series of clashes led to the withdrawal of Shell in January 1993.

As the tension rose, Saro-Wiwa gained influence and eventually replaced the more moderate Ogoni politicians as Mosop's leader. He strengthened control over Mosop by creating a youth wing and a women's association, both loyal to him.

Although he insisted that it was a peaceful movement, he organised a boycott of the 1993 presidential election and threatened secession. A threat to the oil revenue was a threat to the existence of the federal government and this put him on a collision course with an increasingly repressive military regime.

This brought a brutal backlash from government security forces, with several attacks on villages

beginning in August 1993, leading to the deaths of hundreds of Ogonis.

The government blamed these on border clashes with neighbouring tribes. Saro-Wiwa said these were the work of the armed forces. Foreign observers said that only a military operation could have caused such damage, most of which has yet to be repaired.

Saro-Wiwa's hard line approach to the military government and oil companies caused bitter divisions with the more moderate, traditional rulers in Ogoniland.

The traditional rulers in Ogoni argued for dialogue. They were branded "vultures" by the increasingly violent youth wing of Mosop and accused of selling out to the oil companies.

Last May it ended in tragedy. While Saro-Wiwa was campaigning for election as a delegate in the constitutional conference, a mob of Ogoni youths savagely murdered

four of these traditional leaders who had spoken out for moderation.

A civil disturbances tribunal on Tuesday found Saro-Wiwa guilty of inciting the murders. An independent British barrister observing the trial earlier this year concluded that it was biased in favour of the prosecution, even before it was convened, as the military administrator of Rivers state had already declared Saro-Wiwa's guilt. The trial has been criticised as unjust by human rights groups, and many world leaders and increases the likelihood of punitive sanctions against Nigeria.

Whatever the truth about those murders, Saro-Wiwa has played a crucial role in Nigerian politics. His demands for a fairer share of the oil revenue and for greater protection of the environment are now recognised as legitimate by the oil companies and even by an amendment due to be made in the Nigerian constitution whereby 13 per cent of oil reve-

nue (increased from 3 per cent) will be invested directly in the area which produced it.

However, Mosop has now been virtually dismantled as an organisation. Its offices in Port Harcourt have been raided by security forces, closed and the files used to apprehend more of its members. The rest are in hiding. Like Mosop, the Ogonis have gone full circle. From being a neglected minority, they set the trend in demanding their rights. Yet the militant stand of Mosop has been its undoing.

But the government's backlash may have cost the Ogonis any gains Mosop has made. With the military government in repressive mood, and with Shell no longer operating there, Ogoniland may be the last area to benefit from a better deal for the Niger delta minorities.

Paul Adams

Oil: the regime's Achilles' heel?

By Paul Adams in Lagos

Nigeria produces about 2m barrels a day of oil, some of the country's exports and 80 per cent of government revenue. An oil export embargo would cripple the economy and the regime.

Nearly half of Nigeria's oil goes to the US; most of the rest is exported to Spain, France and Germany. Nearly all Nigeria's crude oil is light and sweet (low in sulphur), which is easy to refine into petrol and carries a premium to Brent crude. Most of the deposits are cheap to produce. Buyers and producers also regard Nigerian crude supply as immune to the effects of Middle East politics.

Forty-two per cent of the crude oil is owned and lifted by the producers. The rest belongs to the Nigerian government which exports more than 800,000 b/d of this crude. Half of this crude is lifted by companies controlled by the military.

Shell has been accused by the Ogoni of collaborating with the Nigerian government to exploit the Ogoni region and interfere with human rights - a charge it vigorously denied.

Shell produces about half of Nigeria's oil in partnership with the Nigerian government and two European companies - Elf and Agip.

The company has been denounced by environmental

commodities group Glencore, owned by Mr Marc Rich, or through little-known trading companies which are a front for Glencore and serve to reward the friends or clients of the military regime.

Mobil and Chevron have also started on two big gas projects with a combined cost of \$1.5bn (925m) which will start substantial gas exports by 1998.

The UK is the largest exporter to Nigeria, with exports worth about £200m last year, followed by Germany, the US, France and Japan. All have big investments in Nigeria, their largest market in sub-Saharan Africa (excluding South Africa) except for France which has a dominant position

in neighbouring francophone countries.

The US, the UK and the Netherlands are the main investors in Nigeria. Of \$4bn estimated US assets in Nigeria, most is in the oil sector. US oil service contractors take a large share of the Nigerian market, along with French and Japanese groups.

The total value of Nigerian privately held assets offshore is not disclosed, if it is known at all. National accounts are not transparent; it is not possible to tell how much oil revenue is siphoned out of the country but freezing the assets of the top military and other regime members would have a damaging effect on the regime.

In Shell's absence all the installations have been attacked, with damage estimated at \$40m (£25m).

Meanwhile, in Washington the International Finance Cor-



Nigerian foreign minister Tomi Ijekwu gestures to reporters after leaving the Commonwealth heads of government meeting yesterday. He insisted his military government convicted Ken Saro-Wiwa for murder and not for political views. Inset: Gen Sani Abacha, Nigeria's head of state

Shell 'regrets' execution but continues Nigeria strategy

By David Lascelles in London, Jurek Martin in Washington and Paul Adams in Lagos

Dutch Shell group, wrote a letter to Gen Sani Abacha, the Nigerian head of state requesting clemency for Mr Saro-Wiwa on humanitarian grounds.

Shell also said at the time that it believed quiet diplomacy rather than public protest would be more effective in swaying the government.

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will only return when we are assured of the co-operation and support of all the Ogoni communities and we can economically repair or replace the damaged facilities.

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The decision not to send a recommendation to the IFC board for resolution by November

15 was taken just before news of Mr Saro-Wiwa's execution broke. The IFC statement said it thought the project was "sound" but it was not going ahead because Nigeria had made insufficient progress in certain critical areas of macro-economic reform.

Ms Andrea Durbin, a director of Friends of the Earth in Washington, said yesterday: "We applaud the IFC's decision to pull out of this deal, even if they won't admit they did it for the right reasons."

Summit colleagues wrong on N-tests, says Major

By Michael Holman in Auckland

Mr John Major, the British prime minister angrily attacked his Commonwealth colleagues yesterday for being "wrong, plain wrong" in their condemnation of French nuclear testing.

In a sharply worded statement, the UK broke with the Commonwealth convention of consensus and formally dissociated itself from the central paragraph of a Commonwealth declaration on disarmament.

Major's statement noted the widespread anger caused by the current programmes of weapons tests. The overwhelming majority of heads of government condemned this continued nuclear testing which was inconsistent with the undertaking given by the nuclear weapon states to exercise utmost restraint so as not to affect the ongoing negotiations for the conclusion of the

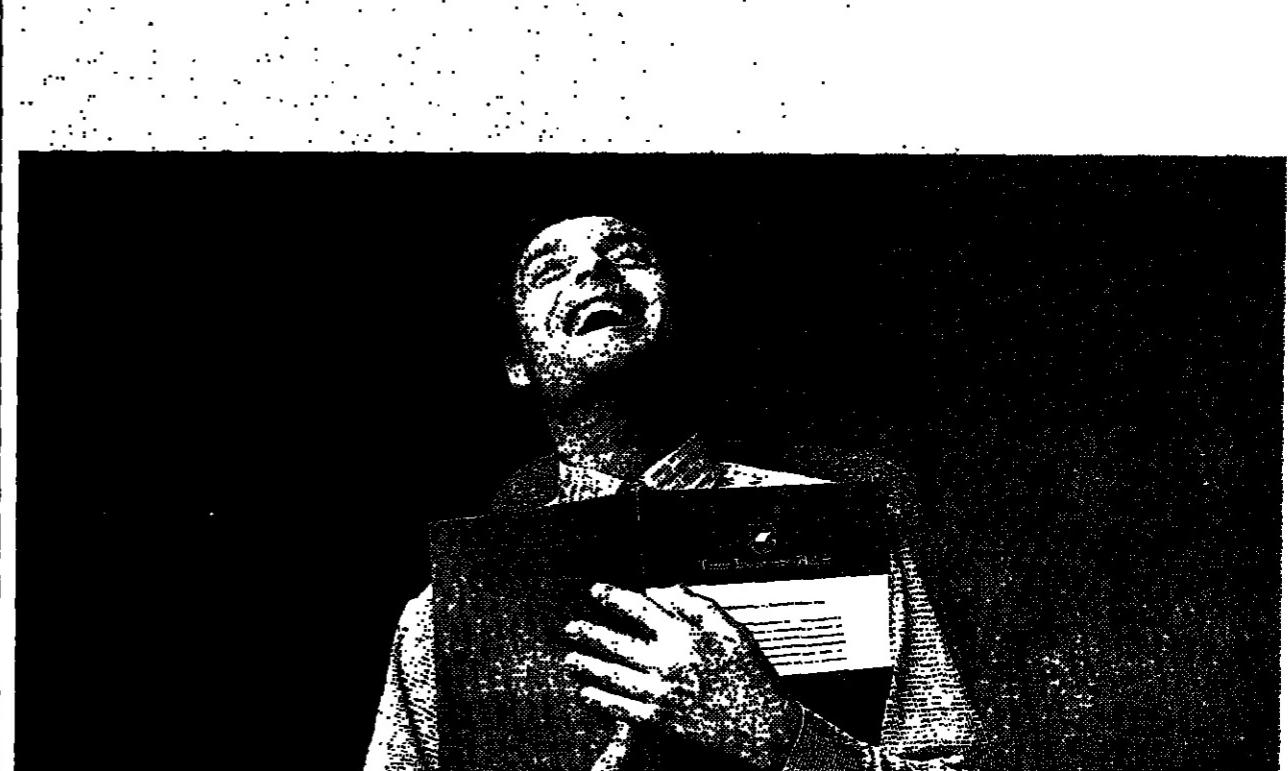
comprehensive test ban treaty in 1986. These heads of government urged the immediate cessation of such testing.

The British statement says the paragraph "is both factually inaccurate and seriously misrepresents an important subject". The British argument in part is that, far from jeopardising the test ban treaty, the remaining tests scheduled by the French are the price of its agreement.

Without the opportunity to complete their test programme, says Britain, France would not have made the announcement last month that, together with the US and UK, it will sign the protocols to the Treaty of Rarotonga in the first half of 1996.

This will in effect end nuclear testing in the South Pacific.

Major has described suggestions from Commonwealth



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NEWS: UK

Airline apologises over 'ethnic passport' incident

By Michael Skapinker,
Aerospace Correspondent

The managing director of British Airways, Mr Robert Ayling, has written to apologise to a black British passenger whose passport was taken away for photocopying by BA staff as he was checking in at Birmingham airport in England for a flight to the US and the Caribbean.

The airline said the staff member who wrote to the passenger, Mr

Tony Kelly, saying that it was US Federal Aviation Authority policy that all "ethnic passports" be checked was wrong. BA said it was not its policy to photocopy the passports of ethnic minority UK citizens.

Mr Kelly's complaint is a particular embarrassment to BA because Mr Ayling is chairman of Race for Opportunity, a newly-launched campaign to make companies more aware of the commercial potential of ethnic minority employees and cus-

tomers. Mr Ayling said last month: "We have great untapped resources here at home among Britain's ethnic minority communities."

BA said it did photocopy the passports of passengers from countries whose citizens might, because of circumstances at home, seek to enter another country illegally.

It said this was because several countries, including the US, the UK and Canada, fined airlines heavily if they carried passengers who did not

possess proper travel documents.

The UK fined airlines £2,000 for every passenger they carried who failed to enter the country without the correct documents. The US fined airlines \$3,000 per passenger. BA said the US last year collected \$7m in fines from airlines. BA said it did not have figures on how much it had paid in fines last year. Three years ago, however, the UK government fined the airline £2m and the UK government made it pay \$1m.

In addition to the fines, BA said it had to fly the passengers concerned back and had to pay the cost of keeping them in detention in the country to which they were refused entry.

It said they were sometimes let off paying the fine if they could prove the passenger presented a valid travel document at the point of embarkation. Some passengers have been known to destroy these documents during the flight.

BA said this should not have been done to Mr Kelly, a court parole officer who was travelling to the US and the Caribbean with his wife and daughter. The airline said it was reviewing its procedures.

Mr Ayling said airlines objected to being made to act as immigration officers. He said: "It's very unfortunate that this has happened. If there's anything to object to it's the policies we've been asked to enforce."

Channel route competition will help customers

By Scheherazade Daneshkuh and William Lewis

Consumers are poised to benefit from greater price competition on the cross channel route, travel industry experts suggested yesterday.

On Thursday Eurotunnel, the Anglo-French operator of the Channel tunnel, announced details of its price strategy for 1996, including a number of discounted offers.

Eurotunnel's announcement marked the end of its strategy of charging customers a premium over ferry prices for travelling on Le Shuttle. Competition with ferry operators has contributed to Eurotunnel's worsening financial crisis, which led it in September to suspend interest payments on £2bn (£12.56bn) of debt.

"Eurotunnel has moved from trying to be a 'metro' system based on the turn-up-and-go principle to being a ferry service 'under the sea,'" said Mr Stefan Szymanski, senior lecturer at London's Imperial College Management School.

Mr Szymanski, who has acted as a consultant to Eurotunnel, said: "Eurotunnel is conceding that it is not particularly a premium service. The question is now will they go one stage further and become a bargain basement?"

Eurotunnel's price initiative has been partly driven by the extra capacity that is now becoming available in the channel tunnel, through efficiency gains and additional rolling stock. "It is now into a bust or sell situation," one analyst said. "They have all this extra capacity and need to use all their marketing skills to fill it."

Mr Cris Rees, commercial manager at Thomas Cook, the

travel agent, said there would be "massive overcapacity" in the ferry market next year, partly due to a new service, SeaFrance. It will start operating when a ferry pooling agreement between Stena, France's largest ferry company, and Stena Sealink ends on December 31. But Mr Rees hopes a price war can be averted and thinks the new P&O recently announced was increasing its 1996 prices by 6 per cent.

Mr Andrew Jones, marketing manager at Gouin Places which yesterday started selling 99p return trips to France on Stena Sealink said: "Competition will be very fierce" and expects cross-Channel prices to come down.

P&O, the ferry operator, said that Eurotunnel's price announcement represented "an opening gambit in what is likely to prove a highly competitive market in 1996".

P&O said that "everyone seems to be using the same strategy now". The ferry companies operate complex tariffs which attempt to discriminate on price between different types of passengers.

Airline prices could also be affected, with air traffic between London and Paris having fallen 16 per cent in the first seven months of this year compared with last year.

The Brussels-based Association of European Airlines, the trade association for the larger scheduled airlines, said: "Air traffic within Europe grew by 7 per cent over that period so something out of the ordinary has happened and that is the Channel tunnel."

There will be further pressure on the airlines once an international station opens at Ashford in Kent on January 8.

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A statement of the procedure for claiming relief from Dutch dividend tax and for the encashment of coupons, including names of paying agents and convention countries, can be obtained from Midland at the address below.

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London Transfer Office, Midland Securities Services, Client Delivery, Midland Bank PLC, Marine House, Pepys Street, London EC3N 4DA, 10th November 1995.

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Hambros set to prune disparate operations

By Nicholas Denton

For a company that halved its dividend in June and promised a "fundamental" review of its operations in September, Hambros Bank is set to produce relatively cautious conclusions alongside its interim results next week.

A reorganisation of management giving greater power to younger executives is on the cards. The group will put aside its earlier rejection of job cuts. Yet no drastic steps are planned to restructure the group's disparate businesses.

Hambros, along with other UK merchant banks, lost customer deposits after the Barings collapse, but it will not go as far in withdrawing from lending. Nor is Hambros expected to

pull back from the bonds business and derivatives trading to the extent that S.G. Warburg did after its profits fell last year, before it was taken over by Swiss Bank Corporation.

And the review is not intended to address the central strategic question: should Hambros, as a merchant bank, have interests in Hambro Countywide, the estate agency, and Hambro Insurance Services?

Hambros is already pulling out of equities, a business in which it has been weak. It has closed its Australian stockbroking operations and put its South African expansion on hold.

In general, however, the design is to prune rather than chop down problematic businesses.

Analysts believe the bank will tighten its criteria for conventional

lending to companies and reduce its loan book, as margins fall and funding costs increase.

However, lending is central to Hambros, in a way it was not to other UK merchant banks. Hambros still has about £20m in customer deposits; corporate banking provides more in operating income than bonds and derivatives combined. "Hambros is not like any other bank in the sector. It cannot wave a magic wand and say it is not in lending," said one investment banker.

Hambros will continue to make loans connected with private finance of infrastructure. These carry relatively high margins and play to Hambros' expertise in private finance demonstrated last week by its role as adviser to the government on the sale

of the three rail rolling stock companies. Similarly, any retrenchment in the bonds division is not expected to affect trading in eurobonds denominated in Australian, New Zealand and Canadian dollars.

In corporate finance, Hambros is planning to focus on transactions involving companies in the UK, where it is house advised to about 60 listed groups, and other established markets such as South Africa and Scandinavia. Other regions, such as eastern Europe, are receiving less emphasis.

The cost-cutting measures to be announced on Wednesday offer prospect of a recovery in profits from the £6m before tax which BZW forecasts Hambros will report for the six months to September 30 - down from an already depressed £21.5m in the

corresponding period of 1994.

But the planned restructuring will not answer Hambros' sharper critics, one of whom says the bank has a few interesting niches and an illustrious name but remains a "tag-bag". Nor does Hambros have the profit record that allows Close Brothers, another quoted merchant bank which views in market value with Hambros, to carry off a similarly eclectic selection of businesses.

Hambros is less adamant than it was in rejecting the possibility of a bid. But its unusual collection of businesses is a deterrent to an approach from the continental European banks seeking to build investment banking operations in London. Their interest is more equity distribution than estate agency.

Dale gives details of £1.2bn offer for Littlewoods

By Neil Buckley
and Ian Hamilton Fazey

Mr Barry Dale, the former Littlewoods chief executive attempting to launch a £1.2bn takeover bid for the family-owned retail and football pools group, has written to all 32 family shareholders with details of his proposed offer.

The two-page letter circulated this week is understood to emphasise that Mr Dale is making a "serious and genuine" offer. It confirms the names of 10 financial institutions which have indicated support, including venture capital group Prudential and Legal & General, and banks including Chemical and Deutsche Bank.

Mr Dale is being advised by Darnay Day, a small investment bank. The consortium refused to comment on the letter.

However, it is thought also to highlight the difference in value attached to the company's shares by the internal and external markets.

Some shareholders who sold to other family members last November received 50p a share. Mr Dale points out that his preliminary approach values each share about 70 per cent higher.

The letter warns that if shareholders approve a resolution to be put to an extraordinary meeting on December 7 that the company should "not provide any information" to Mr Dale's consortium - this would preclude consideration of other offers.

Mr Leonard van Geest, Littlewoods' chairman, has told shareholders his board would regard approval of the resolution as a signal that shareholders did not wish it to proceed with any other similar proposals.

The letter aims to remind members of the extended Moore family who might want to realise their assets that they would almost certainly get a better price from outside bidders.

Littlewoods' shareholders' forum will discuss the situation privately a week before the EGM.

The forum, planned for Mr Dale's approach, will discuss shareholders' options, and consider an independent consultant's report.

Even if a long-term desire emerges to float or sell, Littlewoods is engaged in a £100m improvement programme, so one option might be waiting for this to bear fruit and force up values.

Sir Colin: still flying high at 62

Stefan Wagstyl on the decision by BA's chairman to go non-exec

Any thoughts that the decision by Sir Colin Marshall, British Airways chairman and chief executive, to assume a non-executive role might be a prelude to an early retirement will have been roundly dispelled this week.

On Monday he was busy announcing BA's interim results; on Tuesday came news of his appointment as non-executive chairman of Inchcape, the international trading group; on Wednesday Sir Colin was at the Heathrow Airport public inquiry warning that the planned controversial new Terminal Five was necessary to prevent congestion. Thursday saw him back at the inquiry for cross-examination.

Yesterday, he was off to Scotland to address an Institute of Directors meeting. Tomorrow and Monday, he plans to attend the annual conference of the Confederation of British Industry, where he is due to take over as president next year.

Sir Colin, who will be 62 next week, says that he is reducing his role at BA to give himself time to pursue a wider range of interests. "Ageswise, it seems about right."

From BA's point of view, the timing, on January 1, is also right, he says. He has been preparing "for some time" to hand

over to his successor as chief executive, Mr Robert Ayling, group managing director. The airline, which this week announced a 23 per cent increase in half-year pre-tax profits to £430m, is "running relatively well".

After 13 years as chief executive, Sir Colin believes that he is ready for change, although he still plans to devote half his time to BA.

At the top of his agenda is the future of BA's 24.6 per cent stake in USAir, the American carrier which recently entered into talks with both American Airlines and United Airlines.

He says BA would like to continue its links with the American company - either alone or jointly with other US carriers. However, if necessary BA would sell the stake. "I certainly have no pride of ownership in this thing."

Sir Colin also intends to remain the public face of BA, in the knowledge that in his early stages as chief executive, Mr Ayling may not have much time for representational work.

Nevertheless, he plans to spend up to two days a week at Inchcape, the world's largest distributor of Japanese cars.

The company is in the throes of a £100m restructuring. Sir Colin spent much of his pre-BA career in the car market, working first at Hertz, the car hire



Sir Colin: intends to remain the public face of BA

company, and later at its rival Avia, where he rose to co-chairman. As deputy chairman of Sears, the retail group between 1981 and 1983, Sir Colin was involved in motor distribution.

Also, as he says: "Inchcape is an international business and I am an internationalist."

Sir Colin has a clear view of his role as a non-executive chairman. It is, he says, "to provide leadership to the board" and to "look after the shareholders' interests".

Acknowledging that some non-executive directors have been accused of being too passive, he says he will encourage non-executives to speak up and express their views.

He is looking forward to being CBI president in the run-up to the general election.

He believes that the CBI should examine the likely effects of the contending parties' policies. But decisions on which party to support must remain with individual CBI members and companies.

Both Mr Tony Blair, the Labour leader, and Mr Michael Heseltine, the deputy prime minister, are addressing the CBI conference on Monday.

Profits of £1.9bn were towards the top end of analysts' forecasts while third quarter profits - at current rates - rose 10 per cent to £785m. The balance of news was more positive than in several recent quarters when poor trading, particularly in European foods and detergents, overshadowed progress elsewhere.

European detergent profits were lower on sales "close to last year". The previous period was hit by a write-off of £10m, analysts estimate, on Persil and Omo Power, the flawed new technology products.

Unilever had recovered detergent market shares in many markets affected by the failed Power range but the UK was still behind. Moreover, advertising expenditure rose sharply as the company tried to rebuild its market position.

Analysts expect Unilever's overall recovery in detergents to remain slow and expensive.

Group turnover was up 6 per cent at £23.3bn. Unilever plc declared an interim dividend up 8 per cent at 7.05p while earnings were up 6 per cent at £3.98p. Unilever NV declared an unchanged dividend of FI 1.48 because of a complex equalisation formula.

See Lex

Unilever at top end of forecasts with £1.9bn

By Roderick Oram,
Consumer Industries Editor

North America also continued its recovery, turning in nine month operating profits of £352m (£255m). Detergents showed strong volume growth after deep difficulties in 1993, while personal products were well ahead boosted, for example, by the successful launch of Cif one, a unisex scent from Calvin Klein.

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See Lex

Meyer makes German exit with £16m sale

By James Harding

products and services company.

The company simultaneously announced the £18m purchase of K&B Forest Products from Harrison & Crosfield, extending Meyer's lead in the UK as the country's largest importer and distributor of timber and building materials.

Mr John Dobby, chief executive, said: "We are taking money and management time from something that has not proved as all fruitful for us and we are putting them where we are having much more success."

Wassall buys into Singapore listing for Asian expansion

By David Wighton

Wassall, the acquisitive UK-based conglomerate, yesterday acquired a controlling stake in a Singapore-listed company which it intends to use as the vehicle for its planned expansion in Asia.

Wassall will retain the listing of York Pacific Holdings, a manufacturer of trailer axles, allowing it to issue more shares to fund acquisitions. Mr David Roper, deputy chief executive, said: "We believe there is no shortage of undermanaged and poorly managed businesses in the region which would respond to the Wassall treatment."

The group opened an office in Singapore last year to build up export markets for its existing businesses and investigate local manufacturing joint ventures. The longer term plan was to acquire a quoted vehicle, but the York opportunity came along more quickly than expected.

Swalec to meet Welsh Water

By David Wighton

South Wales Electricity is to meet potential predator Welsh Water on Friday to discuss the possibility of a takeover offer, writes Peggy Hollinger.

Welsh Water said it was encouraged by Swalec's readiness to meet. But the water company was not prepared to say if it had decided to bid.

Swalec was yesterday preparing the barricades for a possible hostile bid. Mr Andrew Walker, chief executive, said he remained unconvinced that there were any great savings to be had from a merger.

Swalec planned to maximise shareholder value through cost cutting and diversification.

second placing, made to institutional investors.

The funds would be used for working capital requirements. The number of shares in public hands rose from 19 per cent to about 35 per cent after yesterday's day's deal.

DigiPhone was launched in the US in August. The software is supplied on a CD-Rom disc, which retails in the US for \$99. Firecrest said that it had not decided on the level of pricing in the UK.

To use the system, both callers must have a multimedia personal computer, which must be a minimum standard 386 with 4mb of memory, a compatible modem, microphone and speakers.

Mr Manning said DigiPhone allowed for both parties to speak simultaneously and the quality was of mobile telecommunication standards.

Firecrest is forecasting that pre-tax profits to December 31 will be not less than £200,000, a rise of 20 per cent.

Firecrest wins rights to discount telephone service

By Christopher Price

Shares in Firecrest jumped 91p to 158p yesterday after the marketing and services group announced it had won exclusive UK rights to provide a discount telephone service on the Internet.

The deal was agreed with Camelot Corporation of the US, which markets DigiPhone, a software programme that allows Internet users to make telephone calls anywhere in the world for the cost of a local call.

Firecrest, which came to the Alternative Investment Market in July, is paying £1.23m for the DigiPhone rights which will be made through the issue of 1.6m new shares to Camelot. The US company, which is quoted on Nasdaq, will hold a 9.99 per cent stake in Firecrest. The UK group also has an option on the European distribution rights.

Firecrest, also announced that it had raised £50,000 through a placement for the year ended June 30, 1995, and that net assets were £1.23m.

through the issue of 100,000 shares at 50p each earlier this week and yesterday issued a further 450,000 shares at 120p, raising £540,000.

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Third Quarter Results 1995

NOTES

Acquisitions and Discontinued Operations
In the first nine months of 1995 the effect on turnover and operating profit of acquisitions made in the period was £383 million and £27 million respectively. There were no discontinued operations in the first nine months of 1995 or 1994.

Accounting for Employee Share Ownership Trusts
With effect from second quarter 1995, Unilever has adopted the United Kingdom UITF Abstract 15 (Accounting for ESOP Trusts). Comparative figures have been restored.

As a result:
(i) the assets and liabilities of certain Trusts in the UK and Ireland, which purchase and hold PLC shares to satisfy options granted, are now consolidated. Under the UITF the book value of shares held by the Trusts should be recorded separately as assets. Dutch law however does not permit own shares to be recorded as assets. In complying with Dutch law therefore the shares are recorded as a deduction from capital and reserves.

(ii) the costs of the Trusts, previously charged to the Group and recorded as staff costs within operating profit, are now categorised in the profit and loss account as if incurred by the Group. Financing costs of the Trusts of £7 million for the first nine months (1994: £5 million) are therefore included in net interest. There is no overall impact on net profit.

PLC per 5p of Ordinary capital - 7.05p (1994: 6.51p)
N.V. per FLT of Ordinary capital - FL1.48 (1994: FL1.48).

The PLC interim dividend will be paid on Wednesday 20 December 1995, to shareholders registered on Tuesday 28 November 1995. The N.V. interim dividend will be paid as from 20 December 1995.

With regard to the interim dividend for the year 1996, it should be noted that the Ordinary shares of PLC and N.V. will be made ex-dividend on the London and Amsterdam Stock Exchanges respectively on Monday 18 November

INTERNATIONAL COMPANIES AND FINANCE

NEWS DIGEST

Gambro ahead 13% after nine months

Pre-tax profits at Gambro, the Swedish medical equipment group, rose 13 per cent to SKr946m (\$142m) in the first nine months, although the stronger krona slowed momentum. Sales were up 12 per cent at SKr7.82bn, excluding currencies and divestments, while operating earnings climbed an underlying 10 per cent to SKr1.11bn.

Gambro, which is close to a takeover of REN Corp, a US dialysis clinic chain, said its earnings should continue to develop favourably in the final quarter, subject to the impact of the krona.

It said the REN purchase would mean a SKr27m charge for higher interest costs and goodwill amortisation. Gambro has been majority-owned by incentive, a core Wallenberg industrial arm, since last year. It has a leading global position in renal care.

Christopher Brown-Humes, Stockholm

CRT plans bank in Croatia

Cassa di Risparmio di Trieste (CRT), the Italian savings bank, plans to set up a joint venture bank in Croatia. CRT will be the second western-owned bank in the country. CRT will have an initial 65 per cent stake in the institution, called TS Banka, which will be capitalised at DM15m (\$10.8m). A further 15 per cent will be held by Stineft and Finest, two Italian state bodies that finance foreign investments. Croatian banks and companies will own the remaining 20 per cent. The new bank would finance the big increase in trade between Croatia and companies in the north-eastern region of Italy around Trieste.

The bank, which is expected to open in the first six months of 1996, will be based in Zagreb, Croatia's capital. The move is part of an eastward expansion by CRT, which is opening representative offices in Budapest and Prague. With most Croatian banks forced to provide cash collateral to have their letters of credit confirmed, western banks have an opportunity to break into the Croatian banking system similar to the one they enjoyed in Hungary in the early 1990s. Real interest rates in Croatia are close to 20 per cent but inflation is almost non-existent, so the country offers western banks opportunities for arbitrage profits.

The first western bank to enter Croatia was Raiffeisen Zentralbank of Austria, which set up a subsidiary in December 1994, and other western banks are expected to follow its lead. Creditanstalt, also of Austria, is setting up a representative office in Zagreb. Société Générale de France, which has a bank in neighbouring Slovenia, is also considering whether to open a bank.

Gavin Gray, Zagreb

Western Mining to lose output

Western Mining Corporation, one of Australia's largest gold miners, said yesterday that it expected to lose about 30,000 ounces of production at its St Ives gold operation while essential plant was repaired. The lost production is equivalent to about 8 per cent of the mines' 1994-95 output, and WMC's share slipped 9 cents to A\$3.85 on the news. The plant problems occurred at the SAC mill, where a routine maintenance inspection identified cracks in the shell and welds. The repairs will be conducted in Perth and take five to six weeks.

Nikki Tait, Sydney

Sales slip at Pernod Ricard

Pernod Ricard, the French drinks group, said consolidated sales were down 0.7 per cent in the first nine months and down 5.7 per cent in the third quarter. Excluding the effects of currency changes and on a like-for-like basis, it said turnover was 3.6 per cent higher in the first nine months of 1995 and 1.4 per cent higher in the third quarter.

Reuter, Paris

Mitsubishi up as Mazda makes third straight loss

By Michio Nakamoto in Tokyo

Mitsubishi Motor has announced a 23 per cent profit increase for the first half on sales up 4.5 per cent at Y1.280bn (\$12.6bn).

Mitsubishi's improvement came mainly as a result of its success in the domestic market where the value of all vehicle sales rose substantially.

This was largely caused by a strong rise in unit sales of mini-vehicles spurred by the popularity of Mitsubishi's Pajero Mini. Regular passenger car sales in the domestic market, however, were down nearly 20 per cent in unit terms.

Nevertheless, the company was able to raise its share of the domestic market, excluding imported cars, from

12.2 per cent to a record 13.3 per cent.

As a result of brisk sales of its recreational vehicles - and newly remodelled mass-selling cars scheduled for launch in the second half - Mitsubishi expects higher domestic sales for the full year than initially forecast. It expects a rise in full-year recurring profits to Y53bn from Y53bn on higher sales of Y2.70bn against Y2.62bn.

The spreading popularity of recreational vehicles in Japan did not help Mazda, which made a loss for the third consecutive half-term. Although it has launched a popular recreational vehicle, the Bongo Friendee, the Hiroshima-based car maker was unable to take the same advantage of interest in unconventional cars as its more successful competitors. Car sales in the

domestic market dropped more than 8 per cent and exports 29 per cent.

Overall, Mazda suffered a 20 per cent decline in sales in value terms.

For the full year, the company

expected to post a sales decline of 12 per cent at Y1.490bn but still break even at both the recurring and net profits levels with the help of cost-cutting measures.

CS Holding hints at full-year fall

By Ian Rodger in Vienna

CS Holding, the financial services group built around Credit Suisse, said pre-tax profit was "markedly higher" in the first nine months of 1995, because of lower expenses and slightly higher revenues, but hinted at a lower net income for the full year.

As is customary among Swiss banks, no quarterly earnings figures were given.

The group said it was confident of good operating results for the full year, but emphasised that the weakening Swiss economy and depressed property sector meant that provisions for bad debts would remain high.

The statement was published after the close of the Swiss stock market but CS shares closed down SF1 at SF116.5 on the day. The CS third-quarter statement and forecast was broadly in line with that by Union Bank of Switzerland 10 days ago.

Swiss Bank Corporation said on Tuesday that it expected "substantially higher" net income this year. But SBC's results will be flattened by its acquisitions of UK investment

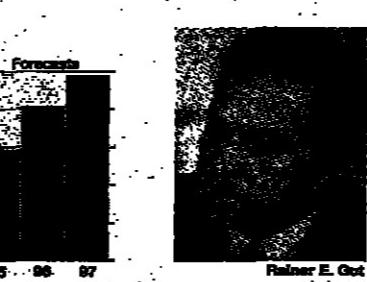
COMPANY PROFILE

CS Holdings

Net income (\$P bn)

1992 93 94 95 96 97

1.5
1.0
0.5
0



Rainer E. Gutz
Chairman

Shares price relative to the SMI Index

100
95
90
85
80
75

Jan Dec

Source: FT Best Forecast: James Capel

against a 1994 net income of SF1.23bn (\$1.16bn) that was boosted by a SF540m extraordinary gain on the sale of a 20 per cent stake in its Credit Suisse Financial Products division.

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WEEK IN THE MARKETS

Copper turmoil may continue

Tightness of supplies for immediate delivery bedevilled three markets this week: coffee, sugar and copper. Squeezes in the soft commodity markets have eased but some analysts expect the copper turmoil to continue into the new year.

Copper consumers' concerns were not helped yesterday when the London Metal Exchange reported that copper stocks in its warehouses had risen by only another 1,975 tonnes when traders had been expecting an increase of up to 6,000 tonnes. Traders said this indicated there was little metal immediately available in spite of the high prices offered.

Some consumers voiced their worries this week via the International Wrought Copper Council, which represents mainly fabricators in Europe and Japan. The IWCC wrote to the LME ahead of the exchange's board meeting on Wednesday and this resulted in Mr David King, the chief executive, announcing an inquiry into the present state of the LME's copper market.

But Mr King stressed that the LME board believed the market was in no way "disorderly" and the executive had no plans to intervene.

The exchange executive has draconian powers to prevent a disorderly market developing. Mr King and one or two close colleagues are kept fully in touch with situations in all LME markets via a confidential reporting system. He said the inquiry would simply enable him to get more detailed information. It would give "some more comfort" to some copper users.

Consumers have been particularly worried about the premiums being charged for immediate delivery over the three months delivery price on the LME. This premium, or backwardation, has reached \$220 a tonne in recent weeks. At the close last night it was

\$207. Copper for immediate delivery closed at \$3,027.50 a tonne, up \$5 from Thursday's close and \$78 from last week-end.

Analysts argue that the copper market is particularly prone to volatility because supply and demand have been so closely balanced for some time.

Although most analysts agree that a global surplus of copper is either already developing or will do next year, present stocks are low and much of the copper in LME warehouses is understood to be tightly held by organisations that either have commitments to deliver physical metal or are involved in financing schemes.

Some analysts also suggest that recent volatility has been caused by US hedge and com-

pany warehouses stocks tonnes (as at Thursday's close)

Aluminium +22,757 to 697,500

Aluminium alloy +400 to 50,720

Aluminium foil +2,400 to 2,520

Lead -3,150 to 12,850

Nickel -840 to 49,800

Zinc -1,300 to 70,715

Tin +65 to 12,130

modity funds selling short and having to cover their positions.

Traders suggested tightness of supply was also responsible for some soft commodities' spot prices widening to a large premium over prices for deliveries next year. In the coffee market by Thursday, the November futures contract price at the London Commodity Exchange was \$200 a pound more ahead of the January futures price. That put November at \$2,355 a lb compared with \$2,355 a lb for January delivery.

The situation was similar in the sugar market with the March futures price for white sugar at the Coffee, Sugar and Cocoa Exchange at 10.58 cents a pound compared with 10.36 cents a pound for May delivery.

Meanwhile, the gold market shrugged off some of its torpor, touching a 16-week peak of \$390.20 a troy ounce before closing at \$388.85, up \$3.55 on the day and \$25.25 over the week.

Deborah Hargreaves and Kenneth Gooding

WEEKLY PRICE CHANGES

	Latest price	Change on week ago	Year ago	High	Low	Open	Sett. Day's price change	High	Low	Vol.	Int.	Open Int.
Gold per troy oz.	\$388.85	+\$2.55	\$384.00	\$394	\$373							
Silver per troy oz.	\$6.50	+\$0.05	\$6.40	\$6.60	\$6.30							
Aluminum 99.7% (cast)	\$1647.45	-\$6.50	\$1652.50	\$1649.50	\$1600.50							
Copper Grade A (cast)	\$3025.50	+\$7.80	\$2974.00	\$3020.00	\$2970.00							
Nickel (cast)	\$6400.00	-\$15	\$6420.00	\$6400.00	\$6380.00							
Zinc SHG (cast)	\$107.40	+\$1.95	\$105.50	\$107.50	\$105.50							
Tin (cast)	\$6411.00	+\$2,250	\$7175.00	\$6500.50								
Cocoa Future, Dec	\$3245	+\$0	\$3408.00	\$3267	\$3234							
Coffee Future, Nov	\$2009.5	+\$0	\$2025.00	\$2000.50	\$2000.50							
Sugar (LDP, Rev)	\$102.75	+\$0.05	\$101.50	\$103.50	\$101.50							
Wheat Future, Nov	\$125.75	+\$0.05	\$125.50	\$126.50	\$125.50							
Cotton Oilseed 3%, Indef	\$875.75	+\$0.05	\$875.50	\$876.00	\$875.50							
Wool (B/Super)	\$450	+\$0	\$440	\$520	\$450							
Oil (Brent)	\$16.50	+\$0.05	\$17.50	\$19.00	\$15.00							

Per cent unless otherwise stated. * Per cent. # Per cent. & Per cent. % Per cent. & Per cent.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

(Prices supplied by N.M. Rothschild)

Gold per troy oz. \$388.85

Silver per troy oz. \$6.50

Aluminum 99.7% (cast) \$1647.45

Copper Grade A (cast) \$3025.50

Nickel (cast) \$6400.00

Zinc SHG (cast) \$107.40

Tin (cast) \$6411.00

Cocoa Future, Dec \$3245

Coffee Future, Nov \$2009.5

Sugar (LDP, Rev) \$102.75

Wheat Future, Nov \$125.75

Cotton Oilseed 3%, Indef \$875.75

Wool (B/Super) \$450

Oil (Brent) \$16.50

Per cent unless otherwise stated. * Per cent. # Per cent. & Per cent. % Per cent. & Per cent.

Source: MMS International

** Gross (including withholding tax at 10.5% per cent payable by non-resident) rates.

† Net (excluding withholding tax at 10.5% per cent payable by non-resident).

‡ Source: MMS International

§ Mainland Local market standard.

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** Gross (including withholding tax at 10.5% per cent payable by non-resident).

FINANCIAL TIMES

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Saturday November 11 1995

Hoping for a hat-trick

Mr Kenneth Clarke is no fool. He knows as well as anyone that the underlying theme of UK economic policy over the next 18 months has been decided for him. To try to win the next election, the Conservatives will cut and run. The chancellor is merely allowed to decide what to cut – and by how much.

As far as most Tory MPs are concerned, taxes should be first for the chop – cut early, they beg, and cut often. But Mr Clarke is loath to squander his reputation for fiscal prudence so easily. Although he has made little effort to douse expectations of tax cuts in the upcoming Budget, he does seem determined to be able to unveil similar-sized cuts in public spending at the same time.

If history is a guide, the spending side of this package will fall by the wayside as the election approaches. But the Budget will at least give forecasters a rough guide to the fiscal side of the government's election strategy.

Unfortunately for Mr Clarke, the same cannot be said of monetary policy, which will be rather more dependent on the vagaries of both the economy and financial market expectations. Having cowed the governor of the Bank of England into retracting his request for an increase in interest rates, Mr Clarke must now be pondering the possibility of pulling off a hat-trick, adding lower interest rates to the crowd-pleasing brew of tax and expenditure cuts.

Lowering base rates, now at 6% per cent, quite soon after the Budget could be justified by three considerations. First, and most obvious, is the fact that it would take roughly 18 months for the full effects of any loosening of policy to filter through to the economy. In other words, if Mr Clarke wants to use monetary policy to inject an added feel-good factor into the hearts and minds of electors by April 1997 (the latest date an election can be held), he needs to act soon.

Best hope

The second, equally political motive to cut rates is that it may offer Mr Clarke his best hope of raising the government's standing among embittered homeowners. Indeed, this may be his only hope, if, as expected, the Treasury manages to keep the Budget free of the many measures to support the housing market being touted by backbench MPs.

Mr Clarke may be fortunate enough to have a third, more respectable, reason to lower interest rates – that a cut is needed to minimise the chances of any prolonged slowdown in the economy.

As the Bank of England admitted in its latest Inflation Report, published on Wednesday, the "blip" in the UK recovery which occurred during the first half of the year has developed into something more significant, although no-one quite knows what it is.

Quarterly growth in gross domestic product so far this year has been less than in each quarter of 1994. The preliminary estimate for the third quarter of 1995 indicated that real GDP – excluding the oil and gas sector – grew 2.4 per cent in the year to September, which is very close to the economy's long-term trend. However, the weak state of retail sales in recent months suggests that much of the additional output was left on the shelf. Total final expenditure grew only 0.2 per cent between the first and second quarters, which was one third as fast as GDP.

In the short term, producers are likely to cut production in order to run down this high level of stocks. As the Bank admitted, this suggests that the GDP figures for the fourth quarter will be even more disappointing than those for the third. That would give Mr Clarke a timely excuse to cut rates early in the New Year, although weak retail sales and export data may embolden Mr Clarke to act rather earlier.

Attractive though it may be as a well-timed pre-election gambit, the idea of a speedy reduction in interest rates has one important flaw: it may well prove to be an over-reaction to recent developments, possibly an inflationary one. The bulk of the evidence – not least the example of the US, which experienced a similar slowdown earlier in the year but has since recovered somewhat – suggests that the economy is not stalling, but merely pausing.

With investment in manufacturing at last increasing markedly over the first two quarters, the slowdown may have given the UK a better chance of enjoying a fifth and sixth year of recovery, without the inflation that usually goes with them. There might be a case for lower interest rates – but it would be better for Mr Clarke to wait, to make sure.

Cutting too early would carry a political penalty, as well as an economic one. The chancellor might find himself under heavy pressure to raise rates just as homeowners are doing their final pre-election sums. History suggests, however, that Mr Clarke will take the risk of cutting soon if there is even a chance that the costs will be felt after the election.

The differences between the two

is

Inside Israel, Mr Peres's short-term prospects look favourable. Mr Rabin's assassination by a rightwing extremist Jew has galvanised the nation and temporarily undermined rightwing opposition to peace. The nation, still in profound shock and grief, has rallied to Mr Peres and the peace process.

In the first opinion poll since Mr Rabin's death, published yesterday, 74 per cent of Israelis said they wanted the government to continue implementing its peace agreements with Palestinians – the highest level of domestic support since 1993.

Mr Peres is also much more popular than Mr Benjamin Netanyahu, leader of the rightwing opposition Likud party, achieving a 54 per cent rating against his rival's 23 per cent. Before Mr Rabin's murder, the country was evenly divided over the peace policy, and Mr Rabin and Mr Netanyahu tied with 42 per cent each.

Our support has grown and the public mood has changed, and this makes it easier for us to take further steps towards peace without being afraid whether they can be swallowed by the public," says Mr Yossi Beilin, the economics minister who is likely to be promoted and become increasingly influential in the government.

Israel pressed ahead this week with the present peace accord with Palestinians, which involves Israeli troop redeployment from West Bank towns before the Palestinian elections on January 20. But Mr Beilin and other dovish coalition leaders want Mr Peres to abandon the slow timetable of the Oslo peace accords and open negotiations on a final settlement with Palestinians. This would address questions such as Palestinian statehood, final borders, the future status of Jerusalem,

four elections he fought as Labour leader between 1977 and 1992, he lost three and tied in a fourth. However, he is no political lightweight, having held most ministerial posts in the life of the Jewish state. Neither is he soft on security: between 1946 and 1967, he dominated Israeli defence policy and played an important role in equipping his country with weapons, including a nuclear deterrent.

In contrast to Mr Rabin, the dour general, Mr Peres is seen as the archetypal political schemer. In the

reassure the public and senior military brass that implementation of the peace process will not compromise security. The expected appointment as defence minister of Mr Ehud Barak, the tough, rightwing, 53-year-old former army chief of staff, would help in this.

Mr Peres must also bolster the coalition he has inherited: the Labour-led government has a 61 to 59 parliamentary majority in crucial votes on the peace process. Mr Haim Ramon, the reforming chairman of the Histadrut trade union

Nevertheless, overcoming Arab suspicions and hostilities will require a much greater effort to meet Palestinian aspirations and a more forthright Israeli commitment to ending its occupation of Arab lands in Syria and south Lebanon.

If Mr Peres can rise to these challenges, Israelis could have their best chance in a generation of a lasting regional peace. Only boldness and courage in the coming days will enable Israel to finish the revolution that Mr Rabin and his Arab peace partners began.

those of Kfar Teppach feel isolated from the political mainstream. Some promise a revolution and talk in vague, dark terms about their plans if Israel continues to redeploy its forces in the West Bank. "A military man is never without contingencies," says Rabbi Kuziel Meir, a US Vietnam war veteran.

It is zealots such as these, numbering at most a few thousand, who pose the greatest threat to the peace process. Many of them continue to rejoice at the death of Yitzhak Rabin, although his assassination may have given a significant boost to negotiations that will end with Israel's partial withdrawal from the West Bank.

An unsettled existence

Situated on rolling, rocky hills 20km south of Jerusalem, Efrat is a community of pristine houses, manicured lawns and conservative, law-abiding people, write Mark Dennis and Julian Ozanne. The Israeli settlement is evocative of a US suburb and many American emigrants to Israel live there.

In contrast, Kfar Teppach, 50km north of Jerusalem, is a ramshackle and isolated outpost of 70 austere houses. This settlement is home to some of the most ideologically rigid of Israel's extreme right, most of whom fiercely oppose a peace settlement that concedes any land to the Palestinians.

Most of the 130,000 West Bank settlers live in large towns within

commuting distance of Israel's main cities. Dotting the hinterlands are small settlements of ideologues, while along the Jordan river are farming communities reminiscent of early Zionist settlements.

Israel's largest settlements are, like Kirat, situated near Jerusalem or Tel Aviv and home to people who mostly support retaining the West Bank by peaceful means. "I moved to Efrat because of ideological reasons and also because it is near Jerusalem," says Mr Yair Assael. "It is a community of young families and people

whom I feel comfortable among."

Many other young families moved to settlements for affordable subsidised housing and would give up their homes peacefully if they were paid adequate compensation.

Most residents of the border settlements know that Israel has no plans for forcing them out. They believe the settlements around Jerusalem and near the so-called "green line" border between Israel and the West Bank will remain under Israeli sovereignty once the peace process is completed.

But militant settlers such as

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5558 (please add 'fax' to 'fine'). e-mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

Terminal argument

From Mr Oliver Parr.

Sir, You quote Sir Colin Marshall, chairman of British Airways, as saying that if Heathrow Airport fails to get a fifth terminal by 2010, 30m passengers a year will be forced to fly from other locations ("BA chairman warns of 'desertion' of Heathrow", November 9). Probably quite right – and what an eloquent argument for scrapping the whole idea.

If BA is forced to establish a second base in continental Europe then so be it, although why this can't be in the UK is far from clear. If, as Sir Colin argues, the risk is of passengers travelling to other continental European airports to catch connecting flights, the argument that Gatwick and Stansted are too far from the main markets in south-east England is irrelevant. In actual fact both airports now benefit from rail connections to central London which, by comparison, put Heathrow in the JF Kennedy class for user friendliness.

When it comes down to it, the terminal five issue is one of corporate convenience (for BA) versus the environment. As a fairly regular user of Heathrow, I would rather put up with the inconvenience of using marginally more distant airports knowing that the environmental blight caused by ever-increasing air traffic is being more evenly spread – the benefit of those who live in the Heathrow area and those who are likely to benefit from jobs at other airports.

Oliver Parr,
16 Horbury Crescent,
Notting Hill,
London W11 3NF, UK

Subsidies give rail unfair advantage over airlines

From Mr Mike A. Ambrose.

Sir, If you sell £1 notes for 50 pence, do not be surprised if a lot of people buy them. The article on rail versus air competition by Michael Skapinker and Charles Batchelor ("In the path of a speeding train", November 3) equated to this maxim:

It is true that a small number of leading airlines in Europe have received state subsidies but even taken in aggregate they pale into insignificance beside the massive and continuous subsidy provided by European governments to their respective rail systems.

In past editions you have reported the scale of such annual subsidies – \$7bn to the Italian rail system and \$13bn to the German system are but two examples. Taken overall, using the European Commission's data for 1993 (the latest year available), the average level of annual rail subsidy throughout the EU equated to about £15 for every 100 passenger kilometres.

In any case, it is not just that the leading airlines have to compete against subsidised rail competition. Europe's regional carriers exist without any state support but compete in a market heavily distorted by government policies to

No payments made to MPs

From Mr Charles Miller.

Sir, A number of commentators have suggested that lobbyists in the UK are only now starting to shed their financial links with MPs. However, it would be a mistake to confuse public relations firms, which have arrangements with almost two dozen MPs with professional lobbyists. Most full-time lobbyists have never made payments to MPs in any form.

Our association regulates all the largest firms, accounting for around 70 per cent of the sector's turnover in its membership. We have always banned any financial connection with MPs on the basis that a clear conflict exists where those who earn their living from working with the institutions of government make payments to anyone working within those institutions. This view was accepted by the Nolan Committee; we hope it will be understood by those who hitherto have assumed that professional lobbyists have a web of unethical relationships with parliament.

Charles Miller,
secretary,
Association of Professional
Consultants,
Fairways Airport,
Chobham, Woking,
Surrey GU24 5SH, UK

THIS ADVERTISEMENT IS DEDICATED TO

C/SGT GRAHAM HEATON OF 3 PARA.

WHO WAS SERIOUSLY WOUNDED IN

ACTION DURING THE FALKLANDS WAR.

PLEASE SPARE WHAT YOU CAN FOR THE

POPPY APPEAL. CHANCES ARE, IT'LL

BE MORE THAN THE PRICE OF THE

BULLET THAT COST HIM HIS RIGHT LEG.



Every year, more than 100,000 people depend on your continuing support as much as we do. Please help us by giving whatever you can, either to one of our collectors, or by calling 0800 1928 48, and quoting reference FT.

questionable procedure..."

I should like to make it clear that the decision of the British Athletic Federation to support Mrs Modahl was not due to some arbitrary act of generosity, but because in July Diane Modahl won her appeal against the four-year ban, unanimously, before the British

Athletic Federation's Independent Appeal Panel, chaired by Robert Reid QC.

Anthony Morton-Hooper,
Mishcon de Reya,
Solicitors,
21 Southampton Row,
London WC1N 5HS, UK

Banned athlete backed because of successful appeal

From Mr Anthony Morton-Hooper.

Sir, In your article "Testing for the hidden performers" (November 4/5), you state that the athlete Diane Modahl was banned for four years for a high testosterone to epitestosterone ratio, and go on "...The British federation has backed Modahl's claim of

federation and a well-known dove is expected to rejoin the government in a senior post, which should increase the Labour party's appeal to the political centre.

Efforts to widen the coalition by including representatives of religious Jewish orthodox parties are unlikely to get far. However, Labour leaders hope they could be persuaded to back the government in return for "influence" over policy issues such as education and religious affairs.

Barring unexpected developments, these political changes should be enough to avoid early elections. And if Mr Peres can deal with the security threat posed by rightwing extremists, while uniting the mainstream right with the extremist brush, he should be able to press on with the peace process.

Mr Peres has said if he had to choose between winning the peace or winning elections, he would choose the peace. He is therefore likely to seize any opportunity to make the process irreversible. Success in negotiations with the Palestinians and Syria could put the Labour-led government in a strong position in next October's election.

Considerable Arab suspicion of Israeli intentions would have to be overcome before such a breakthrough could be achieved. Nevertheless, Mr Rabin's assassination rallied international support to Israel's peacemaking efforts and exposed to the Arab world the extent to which Israel has been divided by the peace process.

"Arabs who thought we were engaged in a meaningless debate between doves and hawks now understand how Mr Rabin and the government have paid the price for pursuing a policy which divided our society," says Mr Beilin.

Since Mr Rabin's death, Syria has sent encouraging signals to Israel about the possibility for a fresh start. "We believe that quickening the peace process is the positive reply which will spare the region more acts of violence and tension," Mr Farouk al-Shara, Syria's foreign minister, said this week.

Nevertheless, overcoming Arab suspicions and hostilities will require a much greater effort to meet Palestinian aspirations and a more forthright Israeli commitment to ending its occupation of Arab lands in Syria and south Lebanon.

If Mr Peres can rise to these challenges, Israelis could have their best chance in a generation of a lasting regional peace. Only boldness and courage in the coming days will enable Israel to finish the revolution that Mr Rabin and his Arab peace partners began.



Turn aga

the light s

J.P. V. 11/11/95

COMMENT & ANALYSIS



Jörg Haider, the bad boy of Austrian politics, is coming from the cold. The leader of the populist Freedom party, who once praised the employment policies of Hitler's Third Reich, has championed pan-German nationalism, opposed Austria's membership of the European Union and taken a strong anti-immigrant stance. But he is suddenly trying to present a more acceptable image.

Although Haider calls himself the patron saint of emigration, he now says his party would not force legal immigrants to leave Austria. Nor would he try to lead the country out of the EU. And he says he would accelerate the pace of privatisation and deregulation, even if it meant more foreign control of Austrian companies.

The reason for his change of tone is not hard to find. The unexpected collapse of Austria's socialist-conservative coalition government last month raised the possibility that Haider could soon have his hands on real political power.

Opinion polls indicate that his Freedom party is running neck and neck with the Social Democratic party and the conservative People's party in the run-up to national elections on December 17. The polls also show more than 40 per cent of

voters are undecided, but Haider figures in most discussions over the composition of the coalition government that will be the inevitable outcome.

Haider has acquired notoriety abroad mainly for his anti-immigration stance and his flirtation with pan-German nationalism. He once described Austria as an "ideological abomination (*Misereur*)", indicating that it really belonged within Germany.

"I would not use those words any more," he said this week in his Vienna office. "I think people have misunderstood what I wanted to say."

He believes it is important for Austria to have a social and cultural identity. All Austrians, whether they be of Slovene, Hungarian, Czech, German or Jewish culture, should see themselves first as Austrians.

In the past, he has associated frequently with *Wehrmacht* veterans, but a few weeks ago he was quick to expel one of his party's parliamentarians who refused to

acknowledge that the Holocaust had happened.

His recent call for the reintegration of immigrants with their families in their home countries had also been misinterpreted, he said. Austria had a long history of accepting refugees from neighbouring countries, which he fully supported. Indeed, he had taken 11 Bosnians into his own farm home "and I think I am the only politician to have done that". But he believed the Austrian economy and social infrastructure were too weak to take in the estimated 100,000 wives and children of existing immigrants.

"Those immigrants can stay as long as they have permits. Nobody will be forced to go back," he said. However, he admitted that he would not want to renew some residence permits.

Haider has also been criticised for the violence of his rhetoric. Last Sunday, when he launched his election campaign at a rally in Klagenfurt, he made some observers nervous with his call to "clean out the muck" in government. He also declared: "I am ready to take on the leadership (*Führerschaft*) of this country."

A Viennese banker said afterwards: "Somehow, when he says *Führerschaft*, it sounds different from when someone else says it and he knows that it sounds different."

Haider said his rhetoric was no more violent than that of his opponents, and he insisted that misuse of power was widespread. "We live in a political system in which people at the top of state institutions have enormous privileges. At a time when ordinary citizens are having to tighten their belts, the political elite must give a good example."

Haider, who has shifted his view on Austria's membership of the EU many times, said he would not raise the issue if he came to power. "We have to accept the decision of the people," he said - referring to last year's referendum in which two-thirds voted in favour of joining the EU. He added that

the people could at some point make a new decision, but promised: "We will not undertake an initiative to reverse this decision."

He said the ruling coalition parties misled people into thinking EU membership would be painless, whereas it had contributed substantially to the budget crisis that brought down the government. The Freedom party's election posters feature a picture of Haider and the slogan: "He did not lie to you."

Haider has long championed privatisation and deregulation of Austria's tightly controlled economy. He accepts that privatisation in many cases would mean more international ownership - he does not oppose the sale of leading institutions, such as the bank Creditanstalt-Bankverein, to foreign interests - because Austria has such an underdeveloped capital market. He blames the government for not doing what is necessary to strengthen the capital market.

He also favours Nato membership: "It is the only way to make Austria secure." He said that joining a common European security strategy would become even more important once other central European states, such as the Czech Republic, joined Nato.

He would even send Austrian soldiers for peacekeeping assignments in Bosnia, provided they were under the command of the UN. If Nato were in command, Austria, which is officially and legally neutral, could not participate.

Although he says he is ready for government, many wonder whether the same can be said of his party. Pledged many of its leading lights in recent years, it appears to be something of a one-man band.

He accuses the governing parties of similar concentration on their leaders' images. "This is the TV generation. But look at the results of these two parties in government, they are not so good," he said. He added that he was open to all ideas on forming a government, depending on the election result. "We can negotiate with the other parties."

He believes the Social Democrats and People's party will try hard to renew their coalition if only to keep him out of power. "But it will last only one or two years, and then there will be a big change," he predicted.

Interview · Jörg Haider of Austria's Freedom party

A sudden change of image

The man who once called his country an 'abomination' talks to Ian Rodger

Turn against the crimson tide

If you had been President Hindenburg in 1933 in Berlin would you have asked Adolf Hitler, the politician who won the greatest number of the votes in a democratic ballot, to form a government?

As Russia's December 17 parliamentary elections draw near, this is the question on the lips of many local business leaders and politicians.

Worried by the increasingly strong showing of the communists - and their close allies, the nationalists - they are arguing that Russia must avoid repeating the disastrous mistake of Weimar Germany. Many of them have come to the conclusion that, in order to save capitalism, they must "postpone" democracy.

A number of developments this week appear to have made such a postponement more likely. The most serious measure is a petition asking the Constitutional Court to review Russia's electoral law. If the court rules the legislation invalid, the parliamentary poll will not take place.

The politicians and financiers campaigning to have the election law declared unconstitutional are happy to reel off a long list of flaws in the voting regulations. But many of them will also admit that this legal arena is only a pretext. The real problem, in their view, is the likely victory of a coalition of communists and nationalists if elections are held according to the existing timetable and legislation.

A private opinion poll circulating in the corridors of the Kremlin underscores the perceived threat. The survey, conducted at the end of October at the request of the presidential entourage, gives the Communist party the support of 15 per cent of decided voters. Its nearest rival, the reformist but anti-government Yabloko party, has 4.8 per cent and Our Home is Russia, the party led by Mr Victor Chernomyrdin, the prime minister, only 3.8 per cent.

Until recently, most foreign and domestic observers had been sanguine in their assessment of the implications of a communist victory in the parlia-

mentary ballot. They argued that Russian communists had shifted from orthodox Marxist-Leninism to relatively benign social democratic policies and that, in any event, the limited powers of the parliament in the Russian political system meant that even a communist majority would be unable significantly to change Russia's economic course.

Mr Grigory Satarov, one of Mr Yeltsin's most liberal aides, says that if the communists came to power the vested interests they threaten would mount a coup in order to protect their property. The result would be a "rightwing dictatorship, as in Chile or in Spain", he says. One of the country's most influential bankers agrees. He warns of "a total catastrophe for Russia" if the reformist cabinet led by Mr Chernomyrdin were replaced by communists.

But over the past few weeks, a growing number of Russian politicians and business leaders has become more pessimistic about the consequences of a communist victory at the polls.

According to Mr Oleg Kisilev, one of the Moscow businessmen spearheading the campaign to have the elections postponed, there is "real possibility" a communist victory would lead to civil war. "The danger is that the communists will pursue a policy of expropriation of property," he says.

Business leaders agree

western opinion must be taken into account, but say that it is ultimately the Russians who must decide where to strike a balance between democracy and capitalism

These fears became more urgent after President Boris Yeltsin's heart attack two weeks ago, because of the prospect that the physically weakened president would be less able to rein in a communist parliament. They are becoming the new conventional wisdom within the Russian establishment.

Mr Grigory Satarov, one of Mr Yeltsin's most liberal aides, says that if the communists came to power the vested interests they threaten would mount a coup in order to protect their property. The result would be a "rightwing dictatorship, as in Chile or in Spain", he says. One of the country's most influential bankers agrees. He warns of "a total catastrophe for Russia" if the reformist cabinet led by Mr Chernomyrdin were replaced by communists.

This week's legal campaign to postpone the elections is, according to its leaders, the only way to hold back the "crimson tide" of communism. But some Russian reformers disagree. They take the view that, in spite of the possibility of a communist comeback, Russia's fledgling democracy is too precious to be sacrificed.

Moreover, some argue that the establishment's claim that the communists pose a threat to Russia's nascent capitalism is merely a pretext to obscure its true concern: that a communist government could deprive the new élite of the economic privileges it enjoys under the present administration. This has preceded over the most radical redistribution of wealth in Russia since the communist revolution.

"The main question in these elections is why did 5 per cent of the people get so much that it is impossible even to imagine it, while 95 per cent got nothing at all," says Mr Grigory Yavlinsky, Yabloko's leader. "There is a very clear group of people which does not want

political power to be changed," says Mr Yavlinsky, in reference to Russia's wealthy and well-connected energy and arms producers.

A pioneer of market reforms in the final days of the Gorbachev era, Mr Yavlinsky argues that elections must be held as scheduled both for the sake of democratic principle and in order to give voters an opportunity to criticise the "distorted form" capitalism has assumed in Russia today.

Opposition from domestic politicians such as Mr Yavlinsky is one factor helping to prevent the Russian élite's campaign for a postponement of the elections from gathering support more quickly. Another is fear of criticism from a more influential source - the west.

The president understands very well that the west sees elections as a test of democracy," says Mr Satarov. "It is a very crude, maybe inappropriate, test, but if we do not pass the test the west could punish us."

Moscow's worried business leaders agree that western opinion must be taken into account, but say that ultimately it is Russians who must decide where to strike a balance between democracy and capitalism.

"For us, the reaction of the west is important, but cannot be decisive," says Mr Kukha Bendukidze, another of the business leaders campaigning for the postponement of the elections. "Which should we prefer? To live in a normal country which is criticised by the west or to live in an abnormal country which is praised by the west?"

Mr Bendukidze and his allies like to cite the example of Weimar Germany as evidence that democracy can sometimes produce tragic results. But Russians need only look to their own history of murderous tsars and genocidal communist bosses for proof that dictatorship can be equally devastating. After nearly a millennium of authoritarian rule, perhaps it is time for Russians, who have never held two consecutive federal elections, to take the risk of democracy.

Louise Kehoe explains how a cheaper PC could soon transform the market

The light side of home computing

The personal computer industry expects the top item on millions of teenagers' Christmas lists this year to be a multimedia PC that can be used for schoolwork, games and communicating through the Internet, the global network of computers on the Internet.

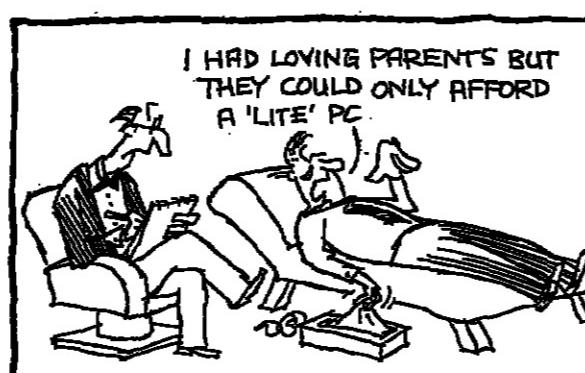
Many parents are likely to balk at the cost, however - a multimedia PC costs up to \$2,000 (\$1,265) or more.

But a far cheaper option could soon be on the market that would perform many of the same tasks as today's PC for about \$800. Some computer industry executives predict that a new generation of "network computers" will be on sale as early as this time next year - in good time for Christmas 1996.

Dubbed, by some as "lite" computers, they would not have the expensive microprocessors, memory and disc drives found in PCs. They would rely upon the brain-power and data storage capacity of large computers, reached via the Internet.

"Network computers will have two cords: one you plug into the wall for electrons, the other you plug into the wall for bits," says Mr Larry Ellison, chairman and chief executive of Oracle, the world's second largest software company, after Microsoft.

Mr Ellison describes them as "bare bones" Internet terminals which will allow users "to do a lot of the common functions that are done with the PC, a lot more cost-effect-



about security and privacy on the Internet could also be multiplied if personal files were stored on a distant computer, they suggest.

Intel believes that Mr Ellison's proposal for a \$500 net-work computer is "fundamentally flawed". The cost of the components needed to build even a simple computer that would satisfy the needs of consumer is well above \$500, the company says.

Yet as Intel and Microsoft dismiss the network computer, they sound a bit like the defenders of mainframe computers who at the height of their market power 20 years ago scorned the new-fangled PC as a mere "toy".

Critics say the network computer would plunge individual computer users back into an era of reliance upon central computers. To some, the scheme proposed by Mr Ellison smacks of "Big Brother" by taking processing power away from the individual and returning it to a central organisa-tion. Current concerns

of Philips of The Netherlands, is introducing an "Internet connection kit" for the Philips CD-i player. The kit enables users of the CD-i machine to display pages of information from the Internet on a television screen.

In Japan, Sega Enterprises has developed attachments for its latest Saturn game machine that allow it also to be used to access online services. Industry analysts predict that Internet add-ons can be expected for other machines including the Sony Playstation and the 3DO multiplayer.

Early reviews of the Phillips CD-i kit highlight potential drawbacks of this route to the information superhighway. In particular, surfing the Internet on a television is not ideal as it lacks the high resolution of a computer screen and is poor at displaying text.

And since users will probably be sitting on their sofas in front of the television rather

than seated at a desk with a PC on it, text size has to be enlarged substantially. This requires a lot of tedious scrolling up and down text to read what would normally fill the screen of a PC.

Another drawback of using video games machines on the Internet is that they need special software. Yet PC software for the Internet has adapted rapidly to enable innovations such as sound, voice, video and 3D graphics. Industry analysts predict that keeping up with such developments will be a big challenge for the video game industry which is unused to making such rapid changes.

And a fast modem needed to connect the network computer to the Internet through a telephone line would take the price of a network computer well above the \$500 target. Without such a modem, the television screen would remain blank for several minutes as the graphics found on many Internet pages download.

The quality of service expected by people who want to use their television to get access to the Internet may be beyond the reach of today's low-cost technology.

The prospect of a network computer will have broad appeal to those for whom a multimedia PC is too expensive. But for those who can afford it, the multimedia PC is likely to remain the most efficient and versatile home computing machine - and perhaps less expensive to use in the long term.

CD-Online, a UK subsidiary

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CD-Online, a UK subsidiary

of Philips of The Netherlands,

MARKETS REPORT

Dollar nerves

By Philip Gash

The dollar yesterday stayed within its recent narrow trading range as worries about the US budget situation and Mexican peso continued to weigh on market sentiment.

Traders said the dollar's inability on Thursday to break above DM1.425 had prompted a bout of profit-taking. It closed in London at DM1.4123 from DM1.4161, and at Y100.7 from Y101.6. At one point the dollar slipped below Y100, having traded as high as Y104 only a week ago.

In Europe, the D-Mark finished firmer, bolstered by some tough talk from Mr Theo Waigel, the German finance minister, about the need for a post-EMU stability pact. Against the Franc it closed at FFr3.452, from FFr3.449.

Elsewhere, the Mexican peso recovered from its sharp slide on Thursday, helped by the first round of support from the

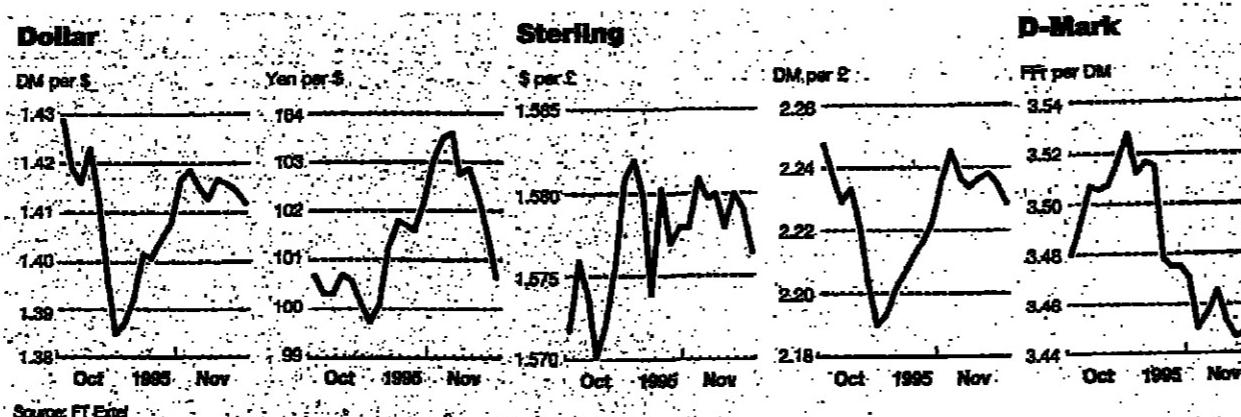
Mexican central bank since May 14. It closed in London at 7.15 pesos against the dollar, from 8.1 pesos.

The pound slipped back against the stronger D-Mark, finishing at DM2.2248, from DM2.2353. Against the dollar it closed at \$1.5753, from \$1.5755.

The main move in the week was the sharp rally in the yen, following the mid-week release of September capital flow data

■ POUND IN NEW YORK

Nov 10 —————— Per cent
Spot 1.5753 1.5757
1 m 1.5754 1.5758
1 y 1.5620 1.5657



Source: FT Eikon

in London, said two other factors that had weighed on the dollar had been the continued politicking over the US budget agreement, and the renewed strength in the D-Mark. "They are all separate issues, but they seem to be pointing in the same direction at the moment," said Mr Norfield.

Mr Joe Prendergast, currency strategist at Paribas Capital Markets in London, said the growing expectation of a further cut in German interest rates, evident from trends in money market rates, was act-

ing as a countervailing force to dollar weakness.

He said that while dollar/D-Mark appeared stuck in the narrow range of DM1.40-1.42, the trend of the dollar against the yen was more threatening. Mr Prendergast said most long dollar positions had been built up against the yen, and there was now evidence these were being unwound. He said market sentiment had been affected by the "catastrophic rhetoric" emerging from Washington about the budget. Mr Prendergast said long

D-Mark positions against the yen were also being unwound in what he described as a "massive liquidation of short yen positions." He said, however, that the current bout of yen strength appeared to be a correction within a larger trend of yen weakness. He said the recent narrowing of Japan's trade surplus, and easy liquidity conditions in Japan, should keep the yen weak in the medium term.

The French franc slid back above FFr3.45 against the D-Mark after initially perform-

ing well in the wake of the cabinet reshuffle earlier this week. This reflected disappointment at reports that the government might not release full details of closely watched reforms to its social security budget which will be announced next week. There was also talk of further public sector strikes next week.

■ THE BANK OF ENGLAND

cleared a f125m money market shortage. Three month LIBOR was unchanged at 8.6 per cent.

■ SWISS FRANC INTEREST RATES

Nov 10 Short term 7 days One month Three months Six months One year

Swiss Franc 4.15 4.15 4.15 4.15 4.15 4.15 4.15

Dutch Guilder 4.15 4.15 4.15 4.15 4.15 4.15 4.15

French Franc 4.15 4.15 4.15 4.15 4.15 4.15 4.15

Portuguese Esc. 4.15 4.15 4.15 4.15 4.15 4.15 4.15

Spanish Peseta 4.15 4.15 4.15 4.15 4.15 4.15 4.15

Swiss Franc 4.15 4.15 4.15 4.15 4.15 4.15 4.15

Can. Dollar 4.15 4.15 4.15 4.15 4.15 4.15 4.15

US Dollar 4.15 4.15 4.15 4.15 4.15 4.15 4.15

Italian Lira 10.15 10.15 10.15 10.15 10.15 10.15 10.15

Aust. \$ 2.15 2.15 2.15 2.15 2.15 2.15 2.15

Aust. \$ 2.15 2.15 2.15 2.15 2.15 2.15 2.15

Short term rates are set for the US Dollar and Yen; others two day rates.

WORLD INTEREST RATES

MONEY RATES

November 10	Over night	One month	Three months	Six months	One year	Long term	Dis. rate
Belgium	4	4	4	4	4	4	3.50
week ago	5.5	4	4	4	4	4	3.50
France	5.5	5.5	5.5	5.5	5.5	5.5	5.50
week ago	6.5	5.5	5.5	5.5	5.5	5.5	5.50
Germany	5.5	5.5	5.5	5.5	5.5	5.5	5.50
week ago	6.5	5.5	5.5	5.5	5.5	5.5	5.50
Ireland	5.5	5.5	5.5	5.5	5.5	5.5	5.50
week ago	5.5	5.5	5.5	5.5	5.5	5.5	5.50
Italy	10.5	10.5	10.5	10.5	10.5	10.5	10.75
week ago	10.5	10.5	10.5	10.5	10.5	10.5	10.75
Netherlands	5.5	5.5	5.5	5.5	5.5	5.5	5.50
week ago	6.5	5.5	5.5	5.5	5.5	5.5	5.50
Switzerland	2.5	2.5	2.5	2.5	2.5	2.5	2.50
week ago	3.5	3.5	3.5	3.5	3.5	3.5	3.50
UK	5.5	5.5	5.5	5.5	5.5	5.5	5.50
week ago	6.5	5.5	5.5	5.5	5.5	5.5	5.50
Japan	5.5	5.5	5.5	5.5	5.5	5.5	5.50
week ago	6.5	5.5	5.5	5.5	5.5	5.5	5.50

■ 5 LIBOR FT London

Interbank Floating 5.5 5.5 5.5 5.5 5.5 5.5 5.5

week ago 5.5 5.5 5.5 5.5 5.5 5.5 5.5

US Dollar CDs 5.50 5.50 5.50 5.50 5.50 5.50 5.50

week ago 5.50 5.50 5.50 5.50 5.50 5.50 5.50

ECU Linked Ds 5.50 5.50 5.50 5.50 5.50 5.50 5.50

SDR Linked Ds 5.50 5.50 5.50 5.50 5.50 5.50 5.50

week ago 5.50 5.50 5.50 5.50 5.50 5.50 5.50

Yen 5.50 5.50 5.50 5.50 5.50 5.50 5.50

week ago 6.50 6.50 6.50 6.50 6.50 6.50 6.50

Swiss Franc 5.50 5.50 5.50 5.50 5.50 5.50 5.50

week ago 6.50 6.50 6.50 6.50 6.50 6.50 6.50

Euro 5.50 5.50 5.50 5.50 5.50 5.50 5.50

week ago 6.50 6.50 6.50 6.50 6.50 6.50 6.50

Asian Yen 5.50 5.50 5.50 5.50 5.50 5.50 5.50

week ago 6.50 6.50 6.50 6.50 6.50 6.50 6.50

Short term rates are offered rates for \$100 quoted to the market for reference basis at 1pm each working day. The basis are: Sterling, US Dollars, ECU & SDR Linked Deposits. Dis. rates are shown for the domestic Money Rates, US CDs, ECU & SDR Linked Deposits. Dis. rates are implied by current interest rates. Sterling spot rates derived from THE WALL STREET JOURNAL SPOT RATE SCHEDULE. Some values are rounded by the FT.

■ SWISS FRANC INTEREST RATES

Nov 10 Short term 7 days One month Three months Six months One year

Swiss Franc 4.15 4.15 4.15 4.15 4.15 4.15 4.15

D-Mark 4.15 4.15 4.15 4.15 4.15 4.15 4.15

UK 4.15 4.15 4.15 4.15 4.15 4.15 4.15

US 4.15 4.15 4.15 4.15 4.15 4.15 4.15

Italian Lira 10.15 10.15 10.15 10.15 10.15 10.15 10.15

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Aust. \$ 2.15 2.15 2.15 2.15 2.15 2.15 2.15

Short term rates are set for the US Dollar and Yen; others two day rates.

■ THREE MONTH FIBONATI (MATIF) Paris Interbank offered rate (FFrom)

Open Sett. price Change High Low Est. vol Open Int.

Dec 94.07 93.94 -0.17 94.05 93.93 55.984 44.333

Mar 94.41 94.34 -0.11 94.43 94.27 12.981 36.506

Jun 94.62 94.53 -0.09 94.62 94.49 5.741 32.592

■ THREE MONTH EURIBOR FUTURES (LIFFE) DM1m points of 100%

Open Sett. price Change High Low Est. vol Open Int.

Dec 96.03 96.00 +0.03 96.07 96.02 12.869 7.072

Mar 96.20 96.15 +0.04 96.20 96.13 16.197 16.198

Jun 96.23 96.24 +0.05 96.25 96.20 12.811 12.811

Sep 96.10 96.12 +0.02 96.14 96.06 11.236 11.236

■ THREE MONTHS BERMUDIAN FUTURES (LIFFE) £100m points of 100%

Open Sett. price Change High Low Est. vol Open Int.

Dec 98.35 98.40 -0.05 98.41 98.30 10.569 26.741

Mar 98.55 98.71 -0.03 98.50 98.50 4.050 2.745

Jun 98.13 98.08 -0.05 98.10 98.00 1.155 1.155

Sep 98.05 98.07 -0.02 98.08 98.00 1.007 1.007

■ THREE MONTHS EURO SWISS FRANC FUTURES (LIFFE) SFM1 points of 100%

Open Sett. price Change High Low Est. vol Open Int.

Dec 97.88 97.88 +0.04 97.98 97.93 14.57

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Money Market Bank Accounts

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BERMUDA (SIB RECOGNISED)

OFFSHORE INSURANCE

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ATA Equity & Law Ind. Life Assoc Co.

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Prices are at parce unless otherwise indicated and those described in 5 will be paid prior to U.S. dollars.	Yield is above for all holding expences.
Prices of certain other insurance linked plans subject to certain terms and/or no claim.	From Fund 500 Management. The regulatory authorities of these funds are:
Portugal - Banco de Portugal	Germany - Deutsches Monetärer Authority
Guernsey - Financial Services Commission	Ireland - Central Bank of Ireland
Ireland - Central Bank of Ireland	Malta - Financial Services Commission
Malta - Financial Services Commission	United Kingdom - Prudential Supervision
Luxembourg - Institut Monétaire Luxembourgeois, linked charge - Charge made on sale of units.	Selling price - Bid or redemptions price
Selling price - Bid or redemptions price	Bidding price - Offer or Market price.
Yield - The three current strategies the fund manager's use is the yield of the fund's valuation point chosen from one of the following options:	Yield -
(i) 60001 to 1100 hours	60001
(ii) 1101 to 1400 hours	60002
(iii) 1401 to 1700 hours	60003
(iv) 1701 to 24 hours	60004
6 - Let charge an rate of units.	60005
C - Manager's percentage deducted from capital.	60006
F - Fixed rate of 1% - Forward pricing	60007
B - Redemptions based on UK interest	60008
P - Periodic premium insurance plan.	60009
S - Simple premium insurance.	60010
P - Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities).	60011
A - Offered price includes all expenses except agency commissions.	60012
P - Premiums don't pay.	60013
G - Guarantee plan.	60014
H - Yield before Jersey tax.	60015
I - Ex-substitution, vid - Ex-distribution.	60016
J - Only available to accredited bodies	60017
K - Yield collagen shows approximate rates of market exchange.	60018

WORLD STOCK MARKETS

INDICES

	Nov 10	Nov 9	Nov 8	High	1995
					Low
Argentina					
General (29/12/77)	(4	13134.41	12917.29	16531.10	2/1
Australia					
All Ordinaries(7/1/80)	21262	2131.7	2101.7	2166.20	18/9
All Mining(1/1/80)	982.8	982.5	981.9	1003.50	7/8
Austria					
Credit Alder(30/12/84)	334.85	336.24	338.55	365.42	2/1
Traded Index(2/1/81)	911.08	924.58	921.88	1008.31	2/1
Belgium					
BEL20 (1/7/61)	1430.38	1434.04	1431.17	1481.38	2/8
Brazil					
Poupey (29/12/83)	(4	41129.0	41171.0	48652.00	19/6
Canada					
Metal Mine(1/1973)	(4	4946.93	4978.15	5222.77	21/8
Composite(1/1973)	(4	4882.00	4787.40	4718.38	12/7
PortfolioSS (4/1/83)	(4	222.73	221.26	230.71	12/7
Chile					
ISPA Gen(31/12/80)	(4	5610.2	5872.1	6363.38	11/7
Denmark					
CopenhagenSEG(1/1/83)	356.62	358.11	358.47	375.44	25/8
Finland					
HX General(30/12/90)	1915.42	1930.43	1922.25	2332.22	14/8
France					
SFZ 250 (31/12/80)	1216.13	1220.20	1226.70	1322.30	12/5
CAC 40(31/12/87)	1532.02	1552.63	1665.33	2077.27	12/5
Germany					
F4Z Alder(1/1/258)	781.66	788.61	795.20	846.76	19/8
Commerzbank(1/1/83)	2268.8	2298.6	2276.5	2427.68	19/9
DAX (30/12/87/1)	2172.17	2182.82	2172.30	2347.01	15/8
Greece					
Athens SEG(1/1/83)	806.38	910.73	910.58	932.58	4/6
Hong Kong					
Hang Seng(31/7/84)	9411.85	9487.83	9582.45	10032.93	17/10
India					
BSE Sens(1979)	3280.08	3316.00	3384.71	3592.08	2/1
Indonesia					
Jakarta Comp(10/6/82)	474.59	481.41	497.46	518.18	11/8
Ireland					
ISED Overall(4/1/88)	2155.47	2163.14	2150.51	2170.73	15/8
Italy					
Banca Comme Bnl (1972)	588.88	579.08	563.94	600.34	10/2
MIB General (20/1/90)	888.80	975.0	923.0	1073.00	10/2
Japan					
Nikkei 225 (16/5/89)	17843.55	17821.04	17863.29	19569.84	4/1
Nikkei 225 (20/1/90)	2004.00	2011.14	2008.00	2084.47	4/1
Kobe 225 (20/1/90)	2222.00	2231.00	2228.00	2310.47	4/1
Tokyo 225 (20/1/90)	2222.00	2231.00	2228.00	2310.47	4/1

INDEX ENTRIES

US INDICES

Dow Jones	Nov 9	Nov 8	Nov 7	1995 High	1995 Low	Since compilation High	Since compilation Low
Industrials	4854.23	4852.57	4787.03	4854.23	3832.85	4854.23	4112.50
Home Goods	103.91	103.85	103.85	104.04	93.83	103.77	94.54
Transport	2000.13	2006.32	2004.48	2010.46	1473.19	2010.46	1210.00
Utilities	215.59	215.39	215.13	218.89	183.03	218.48	103.93
DJ Ind. Day's High 4002.52 (4077.50) Low 4511.84 (4775.71) (Theoretical)							
Days high 4276.87 (4082.57) Low 4547.10 (4784.85) (Actual)							
Standard and Poors							
Composite ♦	593.26	591.71	586.32	593.26	469.11	593.26	449.00
Industrial ♦	596.76	694.74	688.92	696.76	546.25	696.76	314.00
Financial	60.14	58.64	58.72	61.30	41.64	61.30	58.00
NYSE Comp.	315.97	315.55	312.98	315.97	250.73	315.97	4.40
Amer. Mid Val	530.81	531.23	528.98	553.58	433.12	553.58	28.25
NASDAQ Comp	1065.59	1067.94	1043.88	1067.40	743.58	1067.40	541.00
M RATIOS							
				Nov 3	Oct 27	Oct 20	Year ago
Dow Jones Ind. Div. Yield				2.41	2.46	2.42	2.78
				Nov 8	Nov 1	Oct 25	Year ago
S & P Ind. Div. yield				2.04	2.07	2.08	2.38

S & P Ind. P/E ratio 1
■ NEW YORK ACTIVE STOCK

Thursday	Stocks traded	Close price	Change on day	● Volume (million)	Nov 8		
					Nov 8	Nov 8	Nov 7
K-Mart	14,983,900	756	+6	New York SE	373,655	364,685	362,915
Micros	10,152,400	65	+5%	Alexex	17,018	15,006	15,824
Telephones	7,738,300	2714	+1%	NASDAQ	480,583	488,581	555,240
Pharm Upjohn	6,105,300	33	-4%	NYSE			
Ford Motor	4,211,900	28	+6	Issues Traded	3,083	3,045	3,045
Wal-Mart	3,842,100	24	+1%	Flows	1,167	1,368	1,072
Texas Insts	3,187,200	8574	+4%	Falls	1,058	993	1,245
IBM	3,183,300	9824	+16	Unchanged	838	785	815
Cypress Semia	3,119,500	174	+1%	New Highs	137	125	125
Novis Corp	3,002,000	165	-4%	New Lows	40	40	25
	Open	Latest	Change	High	Low	Est. vol.	Open int.
■ S&P 500							

Zagreb 2

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WORLD STOCK MARKETS

AMERICA

Debt default fears hit bonds, equities

Wall Street

US shares were trading in a narrow range early yesterday afternoon as weakness on the bond market countered the market's recent upward momentum, writes Lisa Bransten in New York.

At 1 pm the Dow Jones Industrial Average was 10.48 lower at 4,883.75, and the more broadly traded Standard & Poor's 500 slipped 1.22 at 593.40, while the Stock Exchange composite added 0.41 at 531.22. Volume on the NYSE was light at 175m shares.

Bonds fell in early trading as the market was hit by fears that the government might default on its debt.

Both stocks and bonds received some support from

the dollar, which edged up against the yen and the D-Mark in early trading.

Technology shares were modestly stronger, with the technology-rich Nasdaq composite heading towards a new record. By early afternoon the index was 2.41 stronger at 1,069.00, to pass its previous high of 1,067.41 reached on September 12.

Interest in internet-related companies remained strong. The American Stock Exchange/interactive Week internet index jumped 2.75 per cent in early trading as several components soared.

Spyglasses, which makes internet software, rocketed \$12 or 16 per cent to \$97, while its closest competitor, Netapsec added \$3.40 at \$103. Netcom On-Line Communication Ser-

vices rose \$9 or 11.5 per cent to \$87.40, up 1.5 per cent to \$87.40.

Turnover eased from 33.4m to 32.5m shares. Gandal Technologies topped active stocks, rising 26.1% to \$101.00 in spite of lower than expected third quarter earnings. Gandal signed a supply deal with Intelligent Electronics, its third deal of this type in a week; brokers also noted that the shares had been sold off sharply on Thursday, ahead of the third quarter report.

American Greetings sank 3.5% or 11 per cent to \$27 after lowering its expectations for 1996 earnings by about 18 cents a share to \$1.50 to \$1.65.

Canada

Toronto saw a rally in golds but the broad market was flat

at noon with the TSE 300 Composite index up 0.52 at 4,581.34.

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Latin America

MEXICO CITY stabilised as the peso reversed its losses against the dollar. By midday the IPC index was off just 0.42 at 2,310.57.

Traders said that they had expected the peso to show

resilience after the Banco de Mexico intervened to support the currency on Thursday.

SAO PAULO lost an early gain and dropped 3 per cent in mid-session trading on renewed worries about regional weakness. The Bovespa index was down 1,238.51 at 39,891.00 at 1 pm. Turnover was thin at 1,121.3m (\$17,650).

BURGOS, Argentina, by contrast, was slightly firmer at noon. Traders attributed this to bargain hunting and the Merval index was up 1.19 at 1,402.48.

SANTIAGO was off sharply at mid-session as a rise in interest rates prompted investors to switch to bonds. The IPSA index was down 1.3 per cent at 93.13 by midday. Among the main decliners was Cap, the steel manufacturer, off 2.8 per cent at 1,750 pesos.

Moderate response to Rabin assassination

Julian Ozanne sees depth and stability in Tel Aviv

It was a sign of the depth and stability of Israel's stock market that it responded moderately and cautiously to the assassination of Prime Minister Yitzhak Rabin.

The response of the market this week reflects the increasingly limited effect politics has on market sentiment, while economic and corporate factors have become more important. Tight domestic liquidity remains the overwhelming obstacle to improvement in the weak equity market despite strong economic growth, healthy corporate earnings and many companies appearing cheap by world standards.

Mr Rabin's assassination last Saturday sparked a surge of initial panic selling on Sunday, when the index fell 3 per cent, but prices rebounded slightly throughout the week. The Mishmarim index closed on Thursday, the last day of trading, at 1,872.00, down 1.6 per cent on the week.

The market's average price/earnings ratio on 1994 earnings is around 15.5.

Brokers said foreign investors, who have dominated activity this year, also held their ground.

"Although the assassination is a tragic and influential political event, investors feel there is no real economic impact and no cause for a re-evaluation of the market," says Mr Eran Goren of Zameret Securities.

Mr Shimon Peres, acting prime minister, has pledged to continue implementing the economic policy of the government, and economists do not expect any policy change which could significantly affect the market.

WALES' brokers did not expect sentiment to improve until after the second round of voting in next week's presidential elections. The Wig index fell 1.3 per cent to 8,164.4.

Written and edited by William Cotham and John Pitt

lending rate has risen from 13.2 per cent in September to 14.2 per cent, making bonds with an average yield of 14 to 15 per cent, and bank deposits an increasingly attractive alternative to stocks.

Foreign investors, whose selective buying of blue chips this year drove the market up, are staying on the sidelines until local buyers return. Average daily turnover has plummeted to around Shk60m, down from about Shk130 to Shk140m three months ago, and from Shk250m during the

to be showing early signs of success in damping inflationary expectations and reducing the expansion of money supply. But economists expect interest rates will remain at present levels at least until early next year, and brokers are predicting the market will continue to trade in the 18-200 range until at least January.

Nevertheless, foreign investment houses such as Lehman Brothers, Barings and Salomon Brothers remain extremely bullish. Throughout the year Israel has been promoted aggressively as one of the most exciting emerging markets and in March it was placed on Morgan Stanley's emerging markets index with a weighting of about 2.5 per cent.

"Up to now there has been a high political risk premium, but as that risk declines you will see very fast multiple expansion coming through, and that is where investors will get the bulk of their returns," says Ms Maryam Mansouri, head of global strategy at Lehman Brothers.

But the flow of foreign investment into equities has been slow. Central bank figures show that in the first six months of 1995, foreign investment reached \$23m. That was 26 per cent higher than the whole of 1994, but still far short of analysts' expectations.

FOR the market's future direction much could depend on the current global offering of Koor Industries, the country's largest and most profitable diversified holding company. The announcement of the offering has forced the company's share price down by about 18 per cent since mid-September, and according to a valuation by Lehman Brothers, Koor's current price of Shk255 is trading at a discount of 25.6 per cent to net asset value per share, while the company has a p/e ratio of 8.

Pricing of the offer, due last Thursday, was postponed to Monday or Tuesday in the wake of the assassination. If the issue is a success it could prove a boost to the market.

EUROPE

Paris falls before crucial budget debate

With data showing French consumer confidence at its lowest level since November 1993, PARIS retreated. The CAC-40 index lost 12.81 to 1,839.82, little changed on the week. Turnover was FFr3.6bn.

Investors were also wary of taking positions ahead of next week's crucial budget debate, which was to consider cuts in social security spending. Lehman Brothers commented yesterday that the political stakes were high: "A poor market reception...could make it difficult for the Bank of France to continue to cut interest rates, leading eventually to pressure on the franc".

Pechiney CI's lost FFr5.60 to FFr2.85 after the financial markets regulator criticised the group for omitting FF1bn of provisions from the first half accounts of its Pechiney International division. Pechiney International declined FFr1.50 to FFr1.50.

FRANKFURT recovered a little from worries about the US budget, the dollar and domestic bonds, leaving the Dax index 7.69 down at an Ibis-adjusted 2,174.78, fractionally higher on the week.

Turnover eased to DMs6.8bn. Deutsche Morgan Grenfell dropped its 1995 and 1997 eps forecasts for BASF, from

DM36.90 to DM27.90 and from about DM42 to DM35 respectively, reflecting the cyclical nature of the group's chemical earnings. However, the shares fell just 30 pf to DM30.95.

Tax reductions were expected to generate a recovery in and around the retail industry next year but that area saw a string of fallers with Kaufhof down DM3.05 at DM47.95, Asko off DM30 at DM6.80, Douglas DM1.50 lower at DM32 and Escada, the fashion house, shedding DM12 at a new 1995 low of DM235.

Aoko and Kaufhof, said Mr Hans-Peter Wodnik at Credit Lyonnais in Frankfurt, were reflecting uncertainty about the terms and timing of their planned merger with the cash and carry unit of their parent, Metro; Douglas had already rallied 70 cents to DM1.60.

MADRID saw weakness in selected metal and construction stocks as the general

was waiting for, and worrying about its own progress report.

AMSTERDAM had another look at KLM as the airline reiterated that it had no intention of mounting a takeover bid for Northwest Airlines of the US, in which it has a 21.5 per cent stake.

KLM's shares went against the trend, losing Ff1.40 to Ff1.40 as the AEX moved 2.03 higher to 454.75, unchanged on the week.

Unilever underperformed the market with a gain of Ff1.30 to Ff2.04 on the multinationals' third quarter results.

Aegon, the insurer, announced its nine month figures, which exceeded expectations, just before the close, and the shares rallied 70 cents to Ff1.60.

STOCKHOLM was pressured by a fall in Electrolux as analysts reacted to negative prospects for white goods sales in

Europe. The B shares, which had risen on Thursday after a satisfactory nine-month result, lost SEK1.40 or 4.1 per cent to SEK37.50.

The Affarsvärlden General index lost 11.20 to 1,689.00, down 1.9 per cent on the week.

ISTANBUL extended its losses as turnover fell to its lowest level since early February. The composite index fell 1.50 to 1,150.00.

In construction, Cubiertas dropped Pta240 to Pta240 and Huarte Pta88 to Pta64 after a Justice Ministry ruling on kickback sanctions.

ZURICH featured gains in Swissair, SF22 higher at SF776 on restructuring hopes, and Abusuisse, SF10 higher at SF912. The SMI index fell 1.7 to 5,134.00, down 0.5 per cent on the week.

MILAN saw thin trading, constrained by the weakness of the lira. The Mibtel index fell 67 to 9,105 and the Comit 10.40 to 558.88, down 3.5 per cent on the week. Turnover was estimated at 150bn.

Flat, which lost 2 per cent at one point, recovered slightly to close at 1,38 at 15,028 after its car registration data for October showed the worst year-on-year fall for 18 months.

STOCKHOLM was pressured by a fall in Electrolux as analysts reacted to negative prospects for white goods sales in

lower profit taking. The All Ordinaries index lost 5.50 to 12,126.50, a week's rise of 1.7 per cent.

SEoul moved lower for the fourth consecutive session on institutional selling of blue chips, particularly Samsung Electronics. The composite index dipped 4.95 to 965.95, off an intraday low of 960.36, and down 2.3 per cent on the week.

Samsung Electronics fell Won2,000 to Won1,500 as sentiment continued to be hit by a negative outlook for the semiconductor industry.

KUALA LUMPUR was pressured by falls in banking and property. The composite index closed 47.06 lower at 2,144.65, 3 per cent lower on the week with PLDT ADRs in New York overnight.

SINGAPORE saw United Pulp and Paper up 86 cents, or 7.1 per cent, at \$82.07 on news of a joint bid by three Indonesian tycoons. However, blue chips were sold and the Straits Times Industrial index closed down 15.17 at 2,071.74, 1.2 per cent lower on the week.

COLONBO was supported by local buying of finance and manufacturing stocks, seen as likely beneficiaries of last Wednesday's budget. The all share index rose 5.75 to 667.96 at 1,420.50.

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profit taking. The All Ordinaries index lost 5.50 to 12,126.50, a week's rise of 1.7 per cent.

BANGKOK finished at its lowest level since April 27 as foreign investors sold banks.

The SET index, down 2.9 per cent at one point, rallied slightly on bargain hunting to end off 19.31 at 1,192.47, 4 per cent lower on the week.

MANILA dropped 1.9 per cent, sold down by foreign investors after a drop in PLDT ADRs in New York overnight.

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HONG KONG saw a fall in dollar to Y100 limits Nikkei's rise

expected to announce a warrent bond issue of \$600m next month.

Sony, however, jumped Y160 to Y4,900 on reports that it expected to post a recurring profit of Y155bn for the current business year. The stock faced heavy selling last week on speculation of rising inventories in the US.

Trading houses were higher, led by Nissho Iwai, which rose Y29 to Y34 after announcing the establishment of a multimedia company.

In Osaka, the OSE average fell 124.70 to 19,428.01 in volume of 53.4m shares. Nintendo, the video game maker, fell Y20 to Y7,780 as profits continued to be taken.

Roundup

Wall Street's rise engendered no confidence in HONG KONG, where foreign selling pushed the market down. The Hang Seng index slid 85.98 to 17,174.52, down 4.5 per cent in four trading days, but 1 per cent down on the week.

The index moved between 17,737.25 and 17,888.18.

Volume of 33.6m shares, down from 350m, with trading remaining inactive in spite of November options settlements. The Topix index fell 3.02 to 1,424.25, and the Nikkei 300 lost 0.24 to 266.94. Losers led gainers by 655 to 377 with 157 issues unchanged.

In London, the ISE/Nikkei 50 index fell 4.94 to 1,204.34.

The dollar's decline hit the high-technology sector: Toshiba fell Y18 to Y740, Hitachi lost Y10 to Y1,030 and NEC declined Y10 to Y1,360. Fujitsu fell Y10 to Y1,190 on expectations that the company was

rebounding after being sold earlier in the week following disappointing results. The stock gained HK\$1.10 to HK\$30.00.

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LONDON SHARE SERVICE

A HAT



FINANCIAL TIMES

Weekend November 11/November 12 1995

The MALT



Glitz and gadgetry to project Cambodia's temple of delights

By Kieran Cooke
in Kuala Lumpur

If you dream of seeing Angkor Wat in its natural state, go now. The Cambodian temple complex, considered to be one of the world's most lavish and architecturally significant monuments, is about to be wired up with sound and light shows and other modern tourism gadgetry.

Yesterday YTL, a Malaysian construction and power company, said it had been given a contract by the Cambodian government to develop a \$20m spectacular at the ninth-century complex.

Mr Francis Yeoh, head of YTL, said the show would be the biggest of its kind in the world. The development will include lasers, virtual reality and a "surround-sound" commentary telling visitors the story of Angkor Wat.

When the project is finished, visitors might be surprised to find some famous voices echoing round the temple walls. British actors Sir Alec Guinness, Sir John Gielgud and Albert Finney



Angkor Wat to be 'biggest show of its kind in the world'

will be turned into one of Asia's leading tourist destinations.

While the tourist hordes have been hacking and littering their way over the world's monuments in recent years, Angkor Wat has been spared – mainly because of Cambodia's slide into civil war in the 1970s and 1980s. Only the brave or foolish attempted a trip to the temple complex during those times.

Though the area is considered safe nowadays, a US tourist on his way to the temple was murdered earlier this year. Last year six western travellers were killed by Khmer Rouge guerrillas.

Opposition politicians in Cambodia have alleged the government is licensing a number of ill-conceived projects to foreigners which will bring little benefit to the country. Malaysian companies have been among the most active in Cambodia.

The company intends to build two hotels in the town and sublease plots to other developers for retail outlets. Mr Yeoh says that silicon could be spent to develop the whole project.

Mr Yeoh's ideas might cause a flutter of concern to those who have experienced the quiet serenity of Angkor Wat but he insists the presentation will not disturb the natural beauty of the temples. Mr Yeoh says Angkor Wat

have been asked to narrate the English version of the Angkor Wat story, while French actors Alain Delon and Gerard Depardieu have been invited to do a French version.

Under its agreement with the Cambodian government, YTL will also spend \$8m on developing roads and utilities in the vicinity of the temple site and in the nearby provincial capital of Siem Reap.

Lubbers

Continued from Page 1

said yesterday it seemed unlikely that Paris, which was the main backer of Mr Lubbers, would now rethink its attitude to the former Dutch foreign minister.

US officials said they objected strongly to the way European nations, starting with Britain and France, had tried to secure the Nato job for Mr Lubbers without consulting Washington.

US doubts about Mr Lubbers had deepened after he failed to make a good impression during a "job interview" in Washington last week. The job of secretary-general traditionally goes to a European, but the choice is usually made between candidates who enjoy US blessing.

Mr Douglas Hurd, the former UK foreign secretary, has been widely mooted for the job but has so far declined to give up his new job as a non-executive director of National Westminster Bank.

Toyota first-half profits hit as rivalry at home intensifies

By Michio Nakamoto in Tokyo

Toyota, Japan's biggest motor group, suffered a 54 per cent decline in profits for the first half of 1995, reflecting fierce competition in the domestic market and a poor performance overseas.

Toyota's securing profits more than halved from ¥148.8bn (\$1.48bn) to ¥68.1bn, and came amid a widely-divergent set of results announced yesterday by the Japanese motor industry.

Mitsubishi Motors, lifted by the success of several new models, reported a 23 per cent rise in first half recurring profits to ¥21.4bn (Y17.4bn). Mazda made its third consecutive loss in a six-month period. Sales at Toyota declined nearly 8 per cent to ¥3.725.1bn (Y4.070bn). The previous first

half covered the months from July to December 1994, since Toyota changed its year-end from June to March this year.

Toyota's poor performance at home reflected increasing competition as Japanese rivals, battered by the strong yen overseas, tried to increase their domestic market share. Toyota was also not as successful as others in meeting huge demand for recreational vehicles.

Overseas, Toyota suffered from a weaker-than-expected US market while in Europe, the strong yen had an adverse effect on sales. The yen, growing overseas production and weakening demand in the US led to a 16 per cent fall in export sales.

The yen's appreciation during the early part of the first half

cost Toyota ¥60bn in operating profits, the company said. Increased research and development spending was another negative factor.

However, the company was also able to cut costs by ¥60bn, due to better designing and cost-reduction efforts on the factory floor.

Toyota said it would increase marketing efforts in the second half and believed it could improve profitability significantly following the yen's recent weakening. Assuming the yen stays at ¥100 to the dollar, it expects a ¥80bn profits rise at the operating level. For the full year, it forecast sales of ¥7,800bn and recurring profits of ¥300bn.

Mitsubishi and Mazda results, Page 6

Germany calls for Emu fines

Continued from Page 1

stressed that Germany did not want to change or renegotiate the Maastricht treaty.

Instead, the finance ministry envisages a supplementary agreement that would be joined only by those countries forming Emu. Because budgetary matters are involved, however, officials said this pact would need parliamentary approval in the member states.

Germany hopes the deposits or fines would never have to be paid. The countries joining Emu on the expected starting date of 1999 will have already had to meet the Maastricht convergence criteria, which include the 3 per

Opposition over Méribel

Continued from Page 1

cent deficit limit. However, only Germany and Luxembourg currently meet this limit.

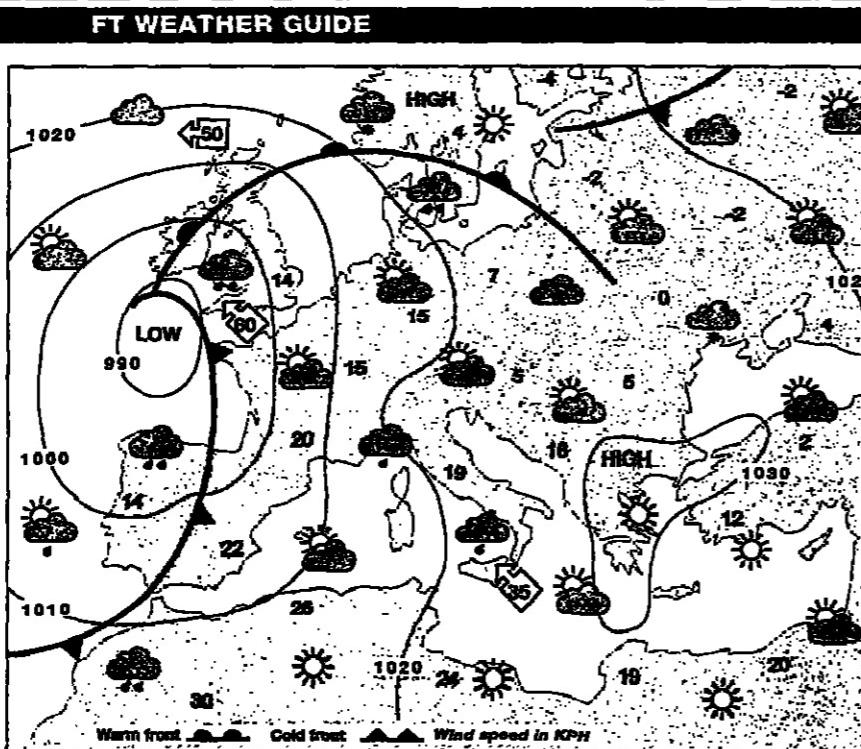
The proposed fines could be a very large burden on national budgets. Figures from the Organisation for Economic Co-operation and Development suggest that France, for example, could have to deposit \$6.6bn if its deficit grew back to around its present levels of 5 per cent of GDP after it had joined Emu.

As part of the stability pact, Mr Waigel has suggested that "in the medium term", which means roughly five years, countries should aim to have deficits of no more than 1 per cent of GDP in "normal" times of economic growth.

But he said Savoie's intention was to prevent Compagnie des Alpes or others outside the region controlling too great a stake in local resorts, and was seeking only 13 per cent of Méribel Alpina shares and a place on the board to monitor operations.

"We are not socialists but liberals by conviction who have the long-term interests of the local economy in mind," he said. "We don't need the English to manage Méribel."

Some argue that relations between Savoie and Méribel Alpina have been strained and that the local government is eager to control all five ski resorts in the Trois Vallées region of the Alps.



Europe today

High pressure will make northern Europe sunny but cold. Behind a cold front, more cold air will be directed into Russia, bringing snow and sub-zero temperatures. An active low pressure system south of the UK will produce widespread cloud, rain and even thunder moving north from Spain and Portugal. Strong and gusty south to south-easterly winds will draw mild air into western Europe, with unseasonably high temperatures from the Benelux to Germany. Scattered showers will affect the Adriatic region. Maximum temperatures from Romania into Greece will range from 3C in the north to 15C in Greece.

Five-day forecast

The Atlantic low pressure system will move slowly towards France and the Alps, causing shifting winds. From Germany to the Benelux it will stay mainly dry, but temperatures will fall. It will be cloudy and rainy from the French and Italian Alps to the UK. In the southern Alps, rain may be heavy and there is a risk of flooding. North-eastern Europe will remain wintry.

TODAY'S TEMPERATURES

	Maximum	Boiling	Sun	18	Cortes	Fair	19	Faro	Rain	18	Madrid	Rain	15	Rangoon	Cloudy	33	
Abu Dhabi	sun	31	Belfast	rain	18	Cardiff	rain	15	Frankfurt	fair	14	Malaga	fair	20	Riyadh	cloudy	20
Acre	thund	30	Berlin	sun	9	Coventry	thund	24	Geneva	fair	10	Malta	fair	21	Rio	cloudy	20
Algiers	cloudy	15	Bogota	showers	0	Bologna	sun	9	London	fair	13	Rome	showers	17	Shanghai	cloudy	20
Amsterdam	cloudy	15	Bombay	fair	20	Dakar	fair	17	Glasgow	rain	19	Salzburg	fair	18	Singapore	cloudy	20
Athens	sun	16	Bordeaux	sun	33	Dates	sun	19	Hamburg	cloudy	11	Melbourne	shower	19	Soul	fair	11
Atlanta	showers	19	Brussels	cloudy	17	Deli	sun	19	Hebrides	fair	27	Medco City	fair	23	Stockholm	shower	32
B. Aires	fair	24	Budapest	cloudy	7	Dubai	sun	31	Hong Kong	sun	27	Miami	rain	29	Toronto	fair	2
B. Jem	rain	13	Chilean	rain	8	Durban	rain	13	Honolulu	fair	27	Montreal	rain	30	Turku	fair	22
Bangkok	fair	32	Cairo	fair	21	Dubrovnik	fair	12	Istanbul	thund	32	Moscow	rain	12	Tunis	fair	21
Barcelona	cloudy	19	Cape Town	fair	23	Edinburgh	rain	12	Jakarta	rain	15	Munich	fair	15	Tel Aviv	fair	19

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THE LEX COLUMN

Waigel's worries

The German government's political will for European monetary union is being tested by the realisation that it may have to foot the bill for benefits reaped by other members. Yesterday's proposal by Mr Theo Waigel, the German finance minister – that countries within a single currency system which fail to meet budget targets should be charged draconian penalties – is the latest example of Germany's increasingly hard-line stance.

This is understandable. German voters are reluctant to give up their hard D-Mark for a potentially softer currency. Germany might, for example, have to pay higher interest on bonds. This is reflected in the shape of Europe's bond yield curves: Germany's is considerably steeper than France's, since the franc would be replaced by a harder currency.

Mr Waigel wants to avoid paying this price. If ERM members are pinned to tough economic conditions, there is no reason, in theory, why the new currency should be weaker than the D-Mark. The problem is that several of the "hard core" of potential ERM participants are already struggling to meet targets. France will be lucky to get its budget deficit down to 3 per cent of gross domestic product. Neither Belgium nor Germany meets debt

ice cream sales, margins only just scraped into double digits.

Forecast earnings growth of 5 per cent this year and around 8 per cent in 1996 are likely to remain below the UK market average. With a strong balance sheet and positive cash flow, Unilever has the capacity to do more for investors, either by buying back shares or accelerating dividend growth. The current yield is only 3 per cent. But with international rivals like Nestle distributing much less of their profits to shareholders, there seems little chance of any excitement.

UK housing

The building and construction sector has been one of the ugly sisters of the UK stock market this year. But fresh signs that the bottom of the housing market has been reached may help attract reluctant suitors. The most recent figures from house-builders show a slight rise in agreed sales, albeit from a larger number of development sites. The flow of bad news appears to be over. Consumer confidence is likely to be boosted by tax cuts in the Budget, and higher disposable incomes next year should boost the home improvement market, as well as housing.

Buying at such an early stage of a potential cyclical recovery requires strong nerves, given the housing market's ability to dash even mildly optimistic forecasts. But this year's slate of profit downgrades across the construction and building materials sectors should not be viewed as a turn-off. Given the cyclicity of the sector, share prices are likely to recover before earnings.

In fact, pure house-builders have performed fairly creditably, reflecting the fact that they are operating in a less difficult market, and are often better run, than the general contractors. But at 13-15 times this year's earnings, compared with a market average of 14 times, house-builders' stocks may still be undervalued.

Nervous investors may prefer the relative safety of the building materials sector, protected from the worst of the UK downturn by exposure to overseas markets. Since housing starts will rise before completions, these will reap the rewards first.

UK results

It is not only the weather that has turned gloomy. News from Britain's corporates has been more foul than fair, with profit downgrades outnumbering upgrades by nearly two to one during September and October.

So far, the poor results have been largely concentrated among consumer-related stocks, particularly retailers like J Sainsbury and Boots. Even Marks and Spencer recorded a fall in its autumn clothing sales. While Sir Richard Greenbury, its chairman, did not quite stoop to blaming the hot summer and the National Lottery, plenty of others have, including Ladbrokes. The real problem is the continued lack of consumer confidence.

The worry is that the slowdown could spread to other sectors of the economy. Export activity has tailed off since the summer and September's



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Designer of the Titanic, May 1911.

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Weekend FT

Resisters were unpopular and ineffective – but it is heresy to say so, writes Paul Abrahams

One morning in November 1943, Dominique Lathuile saw a man hiding in some bushes near her parents' farm in the French Alps. To Dominique, then eight years old, the man appeared to have a green beard.

When she ran home, the family took little notice of her story. But at lunchtime later that day a member of the French resistance, his face covered by a green scarf, burst into the family kitchen. He then fired his machine gun indiscriminately.

The weapon, a famously unreliable Sten-gun, jammed, but not before Dominique's sister had been hit. Her father, wielding a chair, drove the maquisard from the house. By the time he returned to the kitchen, his daughter lay dead. She was 17. Next week, as she does every year, Dominique will stand by the grave and remember.

The attack was just one small incident in the bloody guerrilla wars that raged through much of occupied Europe during the second world war. These conflicts, whether in France, northern Italy, the Balkans or eastern Europe have been romanticised and idealised. In popular memory they represent the triumph of patriotic will over the Axis invaders, the triumph of anti-fascist forces – whether Soviet or democratic – against the evils of Nazism.

But, as ceremonies of remembrance take place this weekend, it should also be remembered that the reality of the resistance movements was darker and more tragic. They were, in fact, seldom popular, numerous or militarily effective.

Where resisters were active, they were generally considered at best a nuisance, at worst a potentially lethal menace. In part this was because their activities could trigger hideous series of reprisals.

In Italy, for example, the massacre of 355 Romans in the Ardeatine caves was the direct result of a resistance bomb attack on the Via Rasella which killed 33 SS soldiers and wounded many others. Field Marshal Kesselring, who was in overall command in the Italian theatre, ordered that 10 Italians be killed for every German. The executions occurred



Bitter memories of the resistance

hours after the bombing.

Such partisan attacks and subsequent German massacres of Italian civilians became so frequent and widespread that in August 1944 even Mussolini felt forced to intervene, though his pleas had little effect. The following month, during three days, 1,330 people, including five priests, were massacred at Marzabotto in the foothills of the Apennines. When resisters staged attacks, such atrocities were repeated throughout occupied Europe.

The resisters were also unpopular because resistance attacks against peasant families such as the Lathuiles were frequent. In 1943, the family's local area, Haute-Savoie, was feted by the BBC as one of the three areas of Europe – together with Greece and Yugoslavia – that was resisting Nazi occupation.

Yet in spite of Haute-Savoie's celebrated status, resistance fighters killed just 153 Italian and German troops during the occupation. Over the same period, the resistance killed nearly twice as many of their compatriots. More than half the victims were peasants. One in seven was female.

Such bitter conflict was not limited to the French Alps. By the summer of 1944, much of the rest of the French countryside was caught up in the destructive maelstrom of guerrilla war. This was less a Franco-German war than a Franco-French one. Thousands of peasants were robbed, raped or killed by maquisards. British Foreign Office reports from the period compared the anarchy in rural France with that during the Chinese civil war.

In France, as elsewhere, the causes of the conflict were complex, reflecting the traditional fissures of French society – the divisions between left and right, town and country, Catholic and anti-clerical. Many resisters were from the towns and professed communist sympathies. They had little sympathy for their peasant compatriots who for the most part were Catholic and conservative.

The resisters claimed, often correctly, that the farmers had made fortunes trading on the black market and therefore felt justified requisitioning goods from them by force. Frequently when the farmers refused to hand over their belongings,

they were killed. Such town-country hostility also existed in Greece. Mark Mazower, in his excellent study of wartime Greece*, has argued: "To many urban bourgeois, Elias [the communist-led resistance movement] seemed to be little less than the revenge of the long-neglected provinces on the politia – the culture of the city."

Some partisan groups were motivated by patriotism or politics, but others by material interests. In Italy, a British report on partisans dated May 1944 concluded: "Bands exist of

Above: Members of the French resistance on the march in Brittany, 1944. Left: guerrilla warfare – but resisters were generally considered at best a nuisance, at worst a lethal menace.

Photographs: Above – Hulton Deutsch; Left – Popperfoto



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way into the future, if only marginally today. This gives a novel and perverse twist to the Keynesian principle that in the long run we – the ruling élite – are all dead. But where Keynes used the argument to justify immediate increases in consumption, Lilley's version involves the deferral of pain, in the form of increased government savings.

Yet the narrow room for manoeuvre does not preclude activity in the political spot market. In the present economic cycle, this takes the form of the "Grand Old Duke of York" approach to budgetary management. Taxes are run up to the top of the hill to deal with a structural budget deficit. Then an army of worried Tories urges the chancellor to bring them back down again to deal with looming electoral disaster.

This, of course, is no way to get a handle on the cookie monster. In the final analysis the only solution lies in the exercise of political will. At which point, the journalist respectfully bows out. It's over to you now, Ken.

John Plender

Legacy of the cookie monster

Politicians are not always storm-tossed victims of the market – they can also make the waves

deficits have become easier to finance, and the financial veto is exercised later in the day.

If there is a snag here, it is that real rates of interest on the much enlarged debt of the public sector have gone up, thereby restraining economic growth. This in turn adds more pressure to public spending than would otherwise occur.

For as Lilley has put it, the best social policy is a vibrant economy which generates jobs, opportunities, skills and the means to save for future needs.

Where economics compound the problem is in proposing an iron law that as countries grow richer, people tend to demand more of those services like education and healthcare which are substantially pro-

vided by the state. That leads to what Richard Darman, head of former US president George Bush's Office of Management and Budget, called "the Ultimate Cookie Monster". Its motivation is clearly not malevolent," he declared. "What harm it may cause is largely unintended."

If the cookie monster is bringing Britain dangerously close to the capital market veto, it is largely because of the priority that the Tories accord to tax cuts. Yet over a longer term perspective, the political market place remains the structural killer. As we watch ministers ducking and weaving in their attempt to square electoral advantage with fiscal necessity before the Budget, it is worth recalling

that one of the biggest constraints on governmental choice is the inheritance of past policy. Professor Richard Rose of Strathclyde University has pointed out that nearly three-quarters of all public expenditure in 1990 was devoted to the implementation of policies introduced half a century or more ago. Even the most radical governments make a smaller impact on the *acquis* of their predecessors. That is a far cry from the night watchman state to which dry Tories aspire when they are not worrying about elections.

The politicians' response to being trapped in this budgetary box is to shuffle the fiscal peck, while indulging in compensatory rhetoric.

In present circumstances there is little choice but to leave the overall stance of policy largely unchanged. They then resort to the political futures market.

The most durable item in

the futures armoury is the public spending forecast which promises substantial cuts in future years, while offering a big uplift in the year ahead. This has yielded handsome returns in days gone by, but is now close to being "out of the money", as the derivatives specialists would say.

Then there is the prudential note offering tax cuts over several Budgets, thereby restricting options for future chancellors – very tempting for the chancellor, Kenneth Clarke, with Labour far ahead in the polls.

A more sophisticated form of future is the one applied by Lilley in his dismantling of the state pension system. He has planned progressive reductions whose impact will be felt

Do you find it odd that while the country grows progressively richer, the bill for social security grows even faster? Are you baffled by the statistic that a third of the British population now lives in a household claiming income support, family credit or housing benefit? Can you square with your own experience the fact that public spending last year, at more than 43 per cent of national income, was at much the same percentage level as in 1978 when the Tories returned to power?

If any of these questions has troubled you, lend an ear to an affecting passage in the letter leaked this week from Peter Lilley, secretary of state for social security, to William Waldegrave, who looks after the books at the Treasury. "Your proposed settlement on running costs," writes Lilley, "fills me with despair."

From the driest of the dry to the wettest of Tory wets, this letter revealed a spectacular case of political role reversal – a veritable *composseur's item*. The hawk with the heart and



Photo: PA

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PERSPECTIVES

The Nature of Things

Gaze into the photonic crystal ball

Andrew Derrington considers the development of the all-optical computer

The information superhighway arrived in the road where I live last week, in a green plastic pipe. The pipe contains a glass fibre cable that carries television channels by the score, telephone lines and connections to the internet, the world-wide computer network, for every home in the area.

The vast quantities of information that travel in and out across the world begin and end as electrical signals in telephones, facsimile machines, computers and televisions. But electrical signals do not travel very well.

Where a lot of information must be transmitted a long distance the electrical signals are converted into optical signals carried by a flickering infra-red light beamed down a transparent fibre-optic "light pipe".

The reason is that more information can be sent down a fibre-optic cable than down an electrical cable.

The information travels at the same speed, but more of it can be carried at the same time. A fibre-

optic cable carries as much information as 10 to 100 electrical cables. (A technique called multiplexing allows many independent signals to be sent down the same physical cable, so that even an electrical cable could carry many different telephone conversations.)

The bandwidth or capacity depends on the frequency of the carrier, the electrical or optical wave that carries the signal.

According to Pierre Villeneuve, of Massachusetts Institute of Technology, who works on optical devices called photonic crystals, electrical cables have a limit of tens to hundreds of millions of bits of information per second.

"Metals are very 'lossy' at high frequencies," he says.

There is no such problem with fibre optic cables. The frequency of the light is hundreds of trillions of cycles per second, giving a potential bandwidth thousands of times that of an electrical cable.

According to Villeneuve, optical fibres can only use a fraction of their potential bandwidth because of electronic limitations.

"The rate at which information can be sent in a fibre is typically between one and 10 gigabits (billion bits) per second. And this number keeps going up as researchers improve the electronic systems to multiplex the signals... Another

limiting factor comes from the electron repeaters every few hundred kilometres. The optical signal is converted to an electronic signal, amplified and then converted back to an optical signal."

Researchers are trying to remove these bottlenecks by developing optical amplifiers and multiplexers that will work without converting back and forth between optical and electronic signals. "Once we get rid of all the electronic components we'll be able to process even more information per second," says Villeneuve.

But so far there is no optical equivalent of the semiconductors that make electronic switching so easy, and that can be assembled by the thousand on silicon chips. In theory it is possible to make a device that would act like a semiconductor for optical signals, but there are practical difficulties.

Semiconductors work because the spacing of the atoms in silicon crystals blocks the movement of electrons. Impurities added to the silicon allow the flow of electrons to be controlled.

A crystalline structure to restrict the flow of light in a similar way, a photonic crystal, would need spaces of about 0.5 micrometres. This is about 1,000 times bigger than the spaces in naturally occurring crystals but rather too small to be built easily.

For the last few years researchers around the world have been trying in different ways to develop photonic crystals.

In 1991 Eli Yablonovitch of Bellcore, the telecommunications research company in New Jersey, produced a big crystal that works with micro-waves, which have wavelengths of about 1cm, simply by drilling a lattice of regularly spaced holes in a block of transparent material.

Now at the University of California, Los Angeles, Yablonovitch is trying to scale down the technique so that it works with light. This is difficult because it is much harder to control the position of small holes.

Another approach, being adopted

by a group at Iowa State University, is to build the crystal by etching lines in thin layers of silicon, to make a tiny grating and then stacking criss-crossed gratings to make a crystal.

Villeneuve and his colleagues at MIT hope to combine these two approaches by first building a two-dimensional crystal of alternating layers of two different materials, and then drilling holes to generate the final 3D structure. They have already produced one dimensional crystals, which consist of tiny slivers of silicon with regular holes.

The next step is to introduce defects into the crystals so that the flow of light can be controlled. Villeneuve is hopeful that the results will be dramatic: "Photonic crystals may prove to be the paradigm shift needed for the introduction of all-optical computers," he says.

■ The author is professor of psychology at the University of Nottingham.

Minding Your Own Business

Constructing history to perfection

Clive Fewins meets the architect of the Lord Mayor's show

Dominic Reid, pageant master to the Lord Mayor of London, today expects to achieve the impossible for the fourth year in a row.

As head of the small business that runs the Lord Mayor's show, it is his job to squeeze the two-mile-long procession into the 1½-mile route.

The trick is to dismantle the procession where it ends at the Law Courts faster than it is put together at London's Guildhall. It works - providing the proceedings are timed with pinpoint accuracy. This is the hardest task, but only one of many thousands that Reid, who trained as an architect, undertakes in the 16 months of planning that go into a Lord Mayor's show.

Reid, 34, who runs Reid and Reid, ceremonial and event consultants, with his wife Suzanne and one part-time secretary, is already planning the 1996 Lord Mayor's show. He was well placed when the call came, in April 1992, to organise his first Lord Mayor's show.

He had been working on the shows since 1984 with his father John, who was pageantmaster before him, and had also been practising in his father's architectural partnership.

Reid was asked to assume responsibility for the procession when his father died suddenly in 1992. The 1996 show will be the 25th in which a member of the Reid family has acted as pageantmaster and Dominic Reid is hoping to break the record of his father, who produced 20 shows and was the longest serving incumbent since the post was created in 1956.

However, there are many hurdles to be crossed before Reid is able to achieve that ambition. "Although security arrangements this year are more relaxed than in the past few years, it has proved harder than ever to get people to make decisions and part with their cash," Reid says.

"The recession years have meant there are fewer people in decision-making positions in the organisations I have to deal with and it seems to become more and more difficult to get people together."

Reid must attract sponsorship and fees of at least £150,000 before he can

be sure the show will have a successful financial basis. The money comes mainly from those entering floats, although the military, and City of London Corporation employees involved, do not pay a fee.

The procession features 60 floats, 2,000 military personnel, 20 horses, 120 motor vehicles, 20 marching bands, 18 carriages and the state coach in which the Lord Mayor travels. Reid says it is the largest unrehearsed television procession of its kind in the world. The £150,000 has to pay for portable toilets, barriers, sand to go on the street, food for the 5,000 participants, grandstands and insurance.

"The key to the whole of the show is that it must be self-financing," says Reid. "I have to stick to the budget because there is no subsidy."

The event is non-profit-making but we generally manage to end up with a surplus above the agreed budget, with which we try to return the entry fees of the 10 or so charities that have entered floats. The last time the books failed to balance and the Lord Mayor had to get his cheque book out was in the 1980s - well before my father took over managing the event."

Reid and his wife, who joined the company full-time 14 months ago after 14 years with a Canadian bank in the City, work from a small office in a former police station in the centre of Hertford, a mile from their home.

"Although we are worse off financially than when Suzanne worked in the City, we are in a better position to expand. We have managed to recoup the £18,000 capital from our own resources that we put into the company when it was formed in 1992. Last year our gross profit was £23,500."

"In a sense we expanded this summer because Tribune and Promise, the organisation set up to organise the VE Day celebrations in London, employed us to organise the mile-long parade of 3,700 people and 300 wartime military vehicles along the Mall."

"We got the job because the retired brigadier in charge asked the police for a suggestion and they recommended us. I thought that was pretty nice of the police, considering that I spend most of my working year making



Shining on their parade: Suzanne and Dominic Reid

ing life difficult for them."

Future expansion could take two forms. The Reids would like to organise some smaller events in this country, but in January Dominic has been asked to speak at a seminar in Los Angeles organised by the International Festival and Events Association.

"It is an exciting prospect and might lead to our being asked to organise processions and parades overseas. Nevertheless we should have to think hard before employing a third person. At present nearly all our

profits come in one lump at the end of November."

"We'd have to sort out some pretty tricky cashflow problems and know quite clearly what other events we had to organise before we could consider extra staff."

If you watch the Lord Mayor's show on television today, Reid is the man in the tall black hat with a red feathered plume seen beside the Lord Mayor during much of the ceremonial day," Reid says.

"It's marvellous to do a job that holds a live TV audience all over Europe in awe on the second Saturday of every November."

the Lord Mayor's chaplain and sword and mace bearers, but nips smartly out of a following Land Rover at critical moments in the timetable.

"If things go as well as they have done for the last three years, I shall enjoy every moment of the day," Reid says.

"It's marvellous to do a job that holds a live TV audience all over Europe in awe on the second Saturday of every November."

■ Reid and Reid, 1 Queens Road, Hertford SG14 1EN. 01992 505306.

Four Years On / Clive Fewins

Brothers give thanks to the bank

They are hoping for a bad winter this year at A.J. Wells and Sons. Last year's mild winter meant a year in which the Isle of Wight based manufacturers of domestic multi-fuel stoves just achieved break-even.

It was the worst year since 1991-92, when, as reported in Weekend FT's Minding Your Own Business column four years ago, the recession was biting and times were hard.

At that time the company, controlled by the seven sons of the late Alfred Wells, had just invested £300,000 in a vitreous enamelling plant, and the bank, aware that between them, the seven sons had seven wives and 26 children to support, was anxious to see rapid returns from the investment.

Four years later they still owe the bank £500,000. But turnover has risen steadily to around £2.5m, even if profits have been small, and intensive marketing activities in Scotland and Ireland have seen a big rise in the number of units produced and sold and led to an increase in the workforce from 50 to 55.

Ever optimistic, the seven brothers - all devout Christians - still start the working day in prayer, and give thanks that Lloyds Bank, with which they have had a good relationship over the years, has been benign to them.

"The bank could have pulled the rug from under us, and at one stage sent in its financial consultants to have a close look at us and make suggestions," said marketing director Alan Wells, 46.

"Becoming a limited company might make us more businesslike and professional. In the past 4½ years we have produced another four children between us and now two of us have sons among the workforce."

"We have to seek out the best way of remaining a viable family business."

■ A.J. Wells and Sons (Charnwood Stoves), Westminister Lane, Newport, Isle of Wight PO30 5DP. Tel: 01983 527532.



French resistance fighters point out German defence positions to an American officer

Photo: AP

Continued from Page 1

side and holding peasants in isolated farms to ransom".

Such reports by Vichy administrators were unsurprising, but it was a shock to find post-liberation civil servants, such as the prefect of the Aveyron, warning that the region's peasants were terrorised by heavily armed maquisards. Even the resisters admitted the antagonism directed towards them.

After the liberation, Georges Guingouin, a leader of the resistance in the Limousin, confessed that resisters in his region were vilified and persecuted.

Admittedly, there were a few parts of France where the relationships between resisters and population were amicable, but such experiences were few and far between and seldom long-lasting.

Soviet and Wehrmacht reports from the eastern front concluded that partisan bands quickly lost their effectiveness. This was because they were seldom supported by the local population which quickly lost patience with their constant demands for food and provisions.

Considering how violent the resistance groups could be, it was surprising how ineffective

they were militarily. France, whatever General de Gaulle may have thought about it, did not liberate itself.

This was partly because, until late in the occupation, the resistance movements were tiny. They only expanded rapidly in the summer months after the Allies landed in Normandy.

Another reason for their lack of military impact was that the resisters were inadequately armed or trained to play a significant role in the liberation. Although by D-Day the Allies dropped sufficient weapons to arm 600,000 resisters in France, their ability to take on the Germans successfully in anything except hit and run raids was limited.

When resistance movements did fight in fixed battles, whether at the Plateau des Glières or in the Vercors, the results were uniformly disastrous.

When resistance movements did fight in fixed battles, whether at the Plateau des Glières or in the Vercors, the results were uniformly disastrous. When the Allies prepared to land in Normandy, none of the 60 German divisions ready to meet them had been diverted to deal with resistance. In General Eisenhower's 149-page report on the liberation of western Europe, the French resistance is given just one brief paragraph.

France's experience was not unique. In Italy too, attempts to hold ground were disas-

trous. In the summer of 1944, a free republic was set up between Lake Maggiore and the Swiss frontier, containing 82,000 inhabitants and controlling 1,800 sq km. In October, about 3,000 Germans and Italian blackshirts out-hattled 6,000 partisans and recaptured the area in just two days of UK. It is as simple as that.

She wonders whether if she made a fuss about the man with the green beard, her sister might still be alive

tron. John Keegan, military historian and former Sandhurst lecturer, is clear about the military effectiveness of partisans: "Resistance was quite immature in the liberation of Europe. Germany was defeated by the fire-power and heroism of infantry soldiers on the ground from the US, Soviet Union and UK. It is as simple as that."

The patchy record of European resistance was hardly surprising. Much depended on history - the political, social and religious predilections of the various countries, and the regions within those countries. Geography also played a role. Military resistance in the flatlands of Denmark or the Netherlands was always going to be more difficult than in the Balkans or the Alps. Much also depended on the reactions of the Allies and Axis. German behaviour varied considerably between different countries, while the Allies, and particularly the British, often had reservations about arming partisans.

To challenge the military significance of partisans, or highlight their unpopularity does not denigrate their memory or deny their bravery. The fact they were so few demonstrates how extraordinary these men and women were. Hundreds of thousands of partisans were killed in Europe's forests and mountains, or perished in the squalor and degradation of

Nazi concentration camps.

But others paid a heavy price too: those like the 14 women aged between 15 and 75 who were killed by the resistance in Haute-Savoie during July 1944. Or the 44-year-old deaf mute farm-worker shot by resisters in a case of mistaken identity. Or like Dominique Latulière's sister, or her three

brothers killed during the war, two of whom died fighting maquisards.

Dominique, now in her late 60s, lives far from the family farm. Each year, she commemorates the deaths of her four siblings. And she wonders whether if she had made more fuss about the man with the green beard, her sister might

still be alive. She is not bitter and has even forgiven. What she will not do is forget.

*M. Mazoyer: "Inside Hitler's Greece", Yale University Press, 1993. **H.R. Kehlberg: "In search of the maquis", Oxford University Press. ***J. Armstrong (ed), "Soviet Partisans in World War Two", Wisconsin, 1961.

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John Lloyd visits

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PERSPECTIVES

A little light shines on Stalin's best features

John Lloyd visits a museum in the former dictator's home town and asks some searching questions of its enthusiastic 'scientific secretary'

Zuzanna Chinchikashvili shook her head, laughed gaily, and said: "I know you foreigners. I know what you will ask about him."

Chinchikashvili is Georgian but could be described in terms normally used of an elderly, eccentric English lady: charming, a little dotty, consumed with some interest and terribly anxious to explain it to others. An attentive woman, she laughs often and is anxious to make visitors comfortable in her bare, cold workshop.

The subject of her interest is Joseph Stalin whom, clearly, she adores. She is "scientific secretary", or head researcher, at the Stalin museum which stands near his statue in the central Georgian town of Gori. She is particularly happy because, by an order of the Georgian government signed in October, the museum will also become the Centre for the Study of the Stalin Phenomenon. Chinchikashvili leaves no doubt that it will be the Centre for the Restoration of the Reputation of Stalin.

Upstairs, in a series of large, handsome, echoing rooms, is an exhibition, mainly of photographs and quotations from or about Stalin. From these have been purged – as rigorously as the dictator purged his Communist party – all mention of the forced collectivisations and the resulting mass famines; the slaughters within the party, the military and even the NKVD (former KGB); the gross strategic errors at the beginning of the second world war; the renewed terror and anti-semitic campaign after the war; the atomisation of society; the forced remoulding of culture; the destruction of the churches; the creation of a culture of fear and betrayal...

"Ah now," says Chinchikashvili, when a few of these absences are put to her (thus confirming her view of what foreigners ask), "let me give you an example of what you are asking about, and of our work here. There is a famous photograph of Stalin with Lenin [taken after the revolution on Lenin's estate at Gorky, with the two sitting on a bench] which many said was a montage. We researched this and found in an archive a negative of the original photograph, which proved it was not a fake. There you are, you see."

In Chinchikashvili's world, the discovery that Stalin actually did sit beside Lenin on a bench one day, outside a dacha, is on all fours with a discovery that all those who were executed in the 1930s were guilty of treason against the state, or that the famine victims were on

hunger strike (the first of which she does not rule out in the future, when the Centre for the Study of the Stalin Phenomenon gets underway). Invited to address the point that a fake photograph proving to be real cannot be equated with mass murder, she made the following points:

■ The museum was established in 1957, following a decision made before Stalin's death in 1953. Thus, it was brought into being long before any winds of scepticism were allowed to blow.

■ The exhibition upstairs had been constructed in 1978, on the 100th anniversary of his birth. This was a time (she did not say this) when, although Stalin was not rehabilitated officially, he was recognised quietly as the man whose work in founding the system had led to those succeeding him being able to enjoy the fruits of their power.

■ There had been a proposal to re-organise the exhibition in 1988, at the height of Mikhail Gorbachev's reforms. Instead, it had been closed down, only to re-open, untouched, in 1993.

■ Finally (and this was the clinching argument): "Many, many of the people who were purged from the party were guilty. Not all were innocent. It will take a great deal of research to determine who was innocent and who guilty."

"I don't know what the legacy of Stalin will be," she added. "I know only a little about Stalin [she has been working in the museum for 20 years] but, the more I know about him, the more versatile he appears."

Upstairs, the versatility of Stalin is displayed selectively. You enter the first of the rooms between two busts – one of him as the older man, the other of the youth. Inside are the scanty details of boyhood.

There is Stalin the student at the Tbilisi Orthodox Seminary: he hated it, no doubt scored as a provincial and subject to harsh discipline.

In a later memoir, reproduced here, it gives it as a main reason for turning to Bolshevism – much as, 40 years later, some English Marxists and spies would cite the beastliness of their public schools as the reason for embracing both revolution and loathing their country.

He became a Bolshevik at the same time, reading *Alktrud's The Task of Russian Social Democracy and Lenin's The Development of Capitalism in Russia*.

There is Stalin the revolutionary, agitating among Tbilisi railwaymen and Baku oil workers, selling pamphlets and newspapers of the illegal Bolshevik press.

A professional revolutionary, he



CLUMMINGS

was often caught and exiled – a map shows the journeys to and from Siberia. There is little on the revolution itself – Stalin played a secondary role to Lenin, and also to the unmentionable Trotsky.

But the civil war is featured on another map, which shows Lenin and Stalin in Moscow, directing operations on all fronts. Again, there is little on the debates in the party in the 1920s – but much on industrialisation, with a photograph of Stalin taking delivery of the first lorry to be produced from the Moscow plant which bore the name "Factory Named for Stalin" – the Russian acronym for it was ZIS, now ZIL.

The war is the climax of the exhibition. Nothing of course on the Molotov-Ribbentrop pact which divided eastern Europe – but much on the Generalissimo as commander, the Generalissimo reviewing the parades in Red Square; much on the love of the soldiers for the Generalissimo – praising him in letters, fighting for him at Stalingrad and Leningrad, dying for him.

There is a great deal on the summits at Tehran, Yalta and Potsdam – Stalin in marshal's uniform, looking energetic beside an ailing Roosevelt and a slumped Churchill.

Closing over the last years, the

last of the main halls is a rotunda with pictures from his childhood to just before his death: to one side stands a little family shrine, with pictures of his first and second wives, and children.

Yakov, Stalin's son by his first wife Catherine Zavvidze, died in a

German prison camp, and wrote to a friend before his death: "If you see my father, tell him I never betrayed him." Such a plea was made, unsuccessfully, by millions who died in Soviet prison camps. The guide says that General von Paulus offered to free Yakov in return for a high ranking German prisoner.

"War is war," replied the Father of the Nation, and refused.

The finale is in a windowless room: since electricity is a rare occurrence in Gori, there are no lights. You go up a little ramp, around mock classical columns of the kind the Stalin era buildings often incorporated, and stand in front of the death mask, made a day after his death.

A little light comes in through the corridor from the hall, falls across the face, barely enough to illuminate the features. A fitting commentary on the exhibits in the previous rooms, and on the work of Chinchikashvili.

Perhaps not quite, though. For in the rows of photographs, quotations and exhibits, one can glimpse something of how it was.

The sheer power of the creation of the myth is still, more than 40 years on, evident – both in the determination to project the complete lie, and in the reality which lay beneath it.

The cobbler's son from Gori becomes ruler of one sixth of the world and sits beside an American capitalist and an English Lord to decide the future of a large part of the rest of it.

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A little light comes in through the corridor from the hall, falls

necessity for it, both in the withering displays and in the hyperactivity of Chinchikashvili, her huge agenda of research stretching far beyond any conceivable span of her life.

A little of the religious power still touches – for it is clear that love is conjured from those who tend the shrine by the same attributes Christians and other believers give to their God: great wisdom, great charity, great cruelty.

"Let me," says Chinchikashvili, "end our interview with the words of Winston Churchill. Whatever the world will say about Stalin, he said, neither his country nor his people will ever forget him."

Nor, while she has anything to do with it, will they be able to remember him either.

Lunch with the FT / Pat Walker

Queen of the popular drama

Author Gillian White continues to seek her fortune

In spite of a prolific output – eight romantic historical novels and eight psychological thrillers in 10 years – Gillian White's is not a name well known in literary circles. Neither, to her fury, have her books made her rich.

With a little luck though, and help from the BBC, White's fortune may be on the turn. A recent adaptation of her fourth novel, *Rich Deceit*, was watched by 11m people on BBC1 and earned the accolade, "best drama of the year" from *The Sun's* TV critic.

The BBC is adapting two more of White's books, for broadcast this Christmas and next year. Her latest book is due to be published in 1997.

On the telephone from her home in Totnes, Devon, she accepts an invitation to lunch with the FT. "But you'll have to come here. I can't stand those hard veggie and that bloody meat they serve up in London."

At Totnes station White, cigarrete in one hand, plastic carrier bag in the other, is fending off a porter, promising her autograph if only he will let her greet her visitor. Local publicity has made her into a celebrity in her own country.

White's heroines are victims – of their own inadequacies, of officiousness, pomposity and the self-seeking. Like Ellie Freeman in *Rich Deceit*, before her sun pools windfall, they are poor and hindered in their struggle for self-respect by a natural assumption that "they are better than us".

How does this empathy with the underdog come to someone who had everything money could buy: a public school education and a millionaire adoptive father who, she says, "practically owned Liverpool, certainly the docks", in the 1950s and 1960s?

"I met those people in reform

school," she says, taking a sip from her aperitif. "I ran away from boarding school over and over and behaved so appallingly I was sent away – in need of care and protection was the official reason. When my kids asked me what I did in the 1950s I told them I was locked up. Missed it all."

She orders a second Ocean Mist, a cocktail of tequila, gin, blue curaçao and lemon, and picks at the salmon and pâté canapés. We are alone in the lounge at the Burgh Island Hotel, a green and white ocean liner of a building on an other-

wise uninhabited island off the south Devon coast.

At low tide guests normally walk the 200m from the mainland to St Agnes-on-Sea across the sand flats. Today rain and waves dash at our faces and feet. But the hotel owners had watched *Rich Deceit* over the previous weekend, and they have sent a Land Rover to take us across.

It was here that Agatha Christie wrote two of her books and where Edward and Mrs Simpson came to escape prying eyes. But we are alone and remain alone throughout the meal, the only people willing to brave the elements.

White lights up – she is to chain-smoke throughout the meal – and chooses sirloin of beef (well done) with roast shallots in a mafraire and garlic crust. My fillets of John Dory come with chives on a

bed of saffron tagliatelli and sweet peppers. No starters as we both fancy the mango crème brûlée and with the pair of us hovering around a size 16, three courses are out of the question.

"We'll have a bottle of the Château-neuf-du-Pape. That's what Dad always ordered when he took us out in Liverpool, so it must be good."

She continues: "It was so unfair. Boys in reform schools were arsonists or thieves. Ninety per cent of the girls were simply in need of care and protection. I was so unhappy I wrote to Lord Longford and he invited me to tea at the House of Lords. There I was, a naughty, disgracefully behaved girl, being introduced by Lord Longford to his friends and treated like a normal person.

"Before my books and especially before TV I was full of anger. Now I have to say and can get my own back. I'm not angry any more. But I'll carry on writing books just to be famous and to have enough money for my husband to give up his ghostly job."

Here are shades of *Rich Deceit* heroine, Ellie Freeman, who bought her husband out of a dead-end, soul-destroying job in a warehouse when she came up trumps on the pools. But now White is chief sub-editor for a series of west country regional papers and surely not in need of people who intimidate others."

"You see it even in puppies," she says. "The first hours, days and weeks are the most important in any creature's life. Because of needless bureaucracy, paperwork, I was left there for three months without any love. I'm certain that's where the anger came from and my loathing for people who intimidate others."

In spite of some seemingly

obvious parallels between White's characters and her own experiences, she demands literary self-analysis and introspection as "pretentious crap".

"You've made it, Mum," he says. "Somehow phoned in to *Points of View* complaining that *Rich Deceit* was too disgusting to be shown before the 11 o'clock watershed."

"Wonderful," says White. "More fame." She lights another cigarette.

For the first three months of

her life, abandoned by her unmarried mother, at a time when middle-class families did not acknowledge illegitimate offspring, White was left in a home. When "Dad" came to pick her up and take her to Liverpool he sent a telegram on ahead: "I've got the baby. She's the most beautiful thing you ever saw." It is one of White's most treasured possessions.

She pours a second coffee from the cafetière as Beatrice Porter, who owns Burgh Island with her husband, Tony, rushes in to say we should leave immediately or be stranded for the night. There is just time to pay the bill.

We are then bundled on to the specially adapted vehicle which is the only thing capable of getting us back to dry land. On the quayside is Daniel, White's third child and only son. He is to drive us back to Totnes station, 45 minutes away.

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FOOD AND DRINK

Cookery

Pleasant ways with pheasant

Philippa Davenport enjoys getting the bird – especially the first of the season

Bang go the guns. Whirr, plummets and thud go the birds. This is the season when the game larder wall grows ever more densely covered with feathers, and the wives of some keen shots tell me they despair of ever again being able to choose what they cook.

The first birds of the year are cause for celebratory feasts but as the season progresses the desire of some cooks to spared so many pheasants and partridges grows stronger. Increasing numbers of birds are pressed on city friends, and more little corpses are hidden away, like guilty secrets, in the icy dark of the freezer. But no sooner is one bag dealt with than the trophies of the next onslaught come into the larder.

The freezer brings only temporary relief. The contents have to be faced sooner or later. Along with that batch of Seville oranges there was never quite time to turn into marmalade, there may well be the bagged bodies of birds from last year's shoot and finished dishes packaged under illegible half-torn labels.

As it happens there are not many guns among my family and friends so I do not often find myself in possession of so much game that I grow tired of it. What is more, my strong British taste for plain roast of all sorts holds me in good stead at the beginning of the season, when birds are young enough to roast with certainty.

Pheasants are probably at their best in November but partridge may be a little past their prime by now. If in doubt it is wise to pot-roast rather than open roast them. For this purpose I use a heavy flame-proof casserole. Brown the partridges all over in it in a little butter, then slip a slice of onion under each bird. Pour on a few spoonfuls of liquid – stock, cider, wine, fortified wine, or a mixture – lay butter paper over the breasts of the birds, cover tightly with the lid and cook over a summer mat on top of the stove or in an oven heated to 375°F (190°C) gas mark 5 until done. Our grey-legged natives should need no more than 25 minutes; the larger, less gamey and less highly regarded red-legged French sort may need a bit longer.

Because pot-roast birds come to table with their own exquisite gravy, pureed or mashed potatoes partner them better than game chips. Celeriac mash is my current favourite choice. To make it you need equal weights of peeled celeriac and floury potatoes, steamed or boiled and blotted dry. Butter them generously, add a dollop of thick cream, season well with pepper, Dijon mustard and some crushed celerely seed or pure salt (not a celery salt mix) and mash to a very smooth puree.

Roughly textured and agreeably fruity, is celeriac and apple mash. For this you need about two parts celeriac to one part sharpish aromatic dessert apple. Steam the vegetable, sauté the fruit and crush the two together with butter, salt and pepper. This goes well not only with partridge and pheasant but also with turkey.



stuffed baby cabbages. Perhaps the cleverest way to deal with a surplus of pheasant legs is as suggested by my friend and colleague Nicola Cox, who turns them into a luscious confit to store in the larder. In other words she salts, cooks, pots and preserves pheasant joints in duck, goose or pork fat, just as French cooks traditionally make confit of duck or goose.

The recipe, which is surprisingly simple, is spelled out in detail by Nicola Cox on *Gome* (Victor Gollancz, £18.95), a book which no self-respecting game cook should be without. To serve confit of pheasant, simply fry the joints lightly in their own fat until heated through. Serve them with potatoes fried in the same fat and offer a large salad dressed with mustardy vinaigrette on the side. A fine end for a fine bird.

NEW ZEALAND WINE GUILD CHRISTMAS TASTING

The New Zealand Wine Guild will be holding their 5th Christmas tasting at Vintner's Place, Upper Thames Street, London, on Wednesday 6th December from 6.00-8.30pm.

Over fifteen companies will be showing a wide selection of premium quality New Zealand wines, including new releases from the 1995 vintage.

The historic Vintner's Place provides an excellent tasting venue, and also offers superb views of London by night.

If you would like to join us on the 6th, please send your ticket application, stating the number of tickets you require with a forwarding address, and daytime telephone number, to the New Zealand Wine Guild, 6th Floor, New Zealand House, 80 Haymarket, London SW1Y 4TE.

Tickets for the tasting are £15.00. Please make your cheque payable to the New Zealand Wine Guild. No credit cards can be accepted.

Ticket applications must be received by Wednesday 29th November.

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Appetisers

Switzerland is producing a far wider range of wines than the casual visitor to the ski slopes might imagine.

There are ambitious Merlots from the Italian-speaking Ticino, fine Pinots from the German-speaking east and some heady whites and ripe Syrahs from the top of the French-speaking Rhône valley. The problem for outsiders is finding more information.

Canadian diplomat John C. Sloan has written and published an admirably thorough paperback guide, *The Swiss Wines of Switzerland* (£10.50) which can be bought at Books for Cooks, 4 Blenheim Crescent, London W11 or ordered from JCS Communications, London SW1 (tel/fax 0171-730 1257).

are available to German speakers in Walter Kühn's pocket book called simply *Schweizer Weinführer* (AT Verlag of Aarau, 1992). Harrison Vintners, London EC1 (0171-336 7716) offers probably the best range of fine Swiss wine in the UK. *Janice Robertson*

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Whisky / Giles MacDonogh

A fake which is a little masterpiece

Just how geography affects the taste of whisky is the subject of debate. Water must account for some of the taste of an individual malt, but probably not much: some whisky different whiskies are fed from the same spring. What little soil character there is, however, would come from the source. Some whiskies use hard, mineral-rich water, others lean and soft.

With one exception (Macallan on Speyside), barley is selected for its efficiency, not its taste. Then there is the air which fills the casks at the whisky gradually evaporates. If the distillery is on the coast, or lashed by the waves of a sea loch, such as Bowmore on Islay, the air cannot fail to add a savoury touch.

The role of the oak cask is the subject of many studies, but there are factors which are even now only dimly understood: those concerned with the design and engineering of the still and the running of the distillery.

Ignorance of how these altered the nature of a given whisky led many distillers to tear out their old stills and radically alter their capacities in the prosperous 1950s. Some of the rare bottlings in the better wine and whisky merchants are the last memories of these distilleries before they changed; almost invariably for the worse.

One whisky which excites the attention of malt fans around the world is Clynelish. The distillery is in Brora just a few miles north of Dunrobin Castle on the Sutherland coast. Dunrobin is the seat of the Duke of Sutherland and the distillery was opened in 1819 by the then Marquess of Stafford, who became the first Duke some time after his sensible decision to marry the phenomenally rich Countess of Sutherland.

It is often said that Stafford built the stills because he needed to dispose of his excess barley. It was he who unleashed the notorious Highland clearances. After he had banished 15,000 poor crofters

from their land there was no one left to consume the corn. Stafford's distillery was called Brora. Later its name changed to Clynelish. In 1925 it fell into the hands of the Distillers Company which built a brand new distillery on an adjacent site in the boom years of the 1950s.

The new stills were ready in 1957 and the old Clynelish was duly mothballed. Its ancient buildings only preserved by propitious listing.

Then something remarkable happened: Distillers had run short of stocks of Talisker whisky for some of its brands. Talisker was and is a pungent whisky from Skye with a characteristic "peat reek".

As the equipment in the old

distillery was still in working order, Distillers decided to fake Talisker there by supplying the old distillery malt with a powerfully peaty character derived from the use of peat in the drying process.

The precise date when this "island style" whisky first ran off the stills can be more or less accurately determined from the ledgers at the distillery: 1958 or 1959. In 1963 the old distillery was closed again. Presumably production had stepped up at Talisker and the real thing was deemed better than the imitation.

During those 14 or 15 years, blenders knew the old distillery as Clynelish "B". The new one was naturally Clynelish "A". Some of the whisky was sold to independent bottlers as Brora, however – a decision presumably taken to avoid confusion, and which has created more confusion than anyone could have imagined.

Information: The 14-year-old Clynelish is available from Jesterini & Brooks (0171-499 4633), Tanners (branches: 01743-222400) or Lea & Sandeman (branches: 0171-376 4767) for around £27. Lea & Sandeman also stocks a fino-sherry-cask aged 25-year-old at £53.16.

The 1972 Brora is available from Gordon & MacPhail (01343-540155) at £23.25. Oddbins has a 22-year-old (cask strength) at £22.50. Milroy's (0171-497 0893) stocks both the 14-year-old Clynelish (£28.50) and the 1972 Brora (£37.50). It also has a Gordon & MacPhail 12-year-old Clynelish at 57 per cent (£35.50) and its own 11-year-old at 65.5 per cent at £29.50.

Sale to lift the spirits

Paying £500 for a bottle of White Horse whisky might seem on the steep side but that is what will be expected of you at Christie's in Glasgow on Wednesday when it auctions more than 300 lots of whisky.

The White Horse dates from 1934 and a bottle from this year has never previously been offered in the saleroom. It will appeal to collectors aiming to acquire a complete run of White Horse – until the 1950s distillers dated their spirit on the bottle.

The White Horse will not be opened: it will fill a gap in the archive of a Japanese, Italian, or American enthusiast. For most of the buyers at Christie's whisky auction are collectors rather than drinkers and from around the world rather than the UK. But they are a growing band. Christie's has held an annual sale of whiskies in Glasgow since 1988, but has been forced to introduce a second auction each year to satisfy the demand from buyers.

Unlike fine wines, whiskies were not traditionally locked away in cellars and given time to mature. They were consumed, which means that old bottles, even from the leading distilleries, can be rare. On Wednesday a bottle of Grant's Stand Fast, dated to before 1920, carries a top estimate of £600 because little from Grant has survived.

Survival was even more hazardous for the whiskies from the hundreds of small distilleries which have long disappeared: once Scotland supplied over 800 makers, now there are around 100. What really excites a collector is a late 19th century whisky from an obscure distillery, ideally in an intriguing bottle, and with its original label. A bottle that is believed to contain Glendullan which meets all these demands could approach a £1,000 next week.

The top price paid at Christie's for a whisky is the £2,375 which secured a 60-year-old Macallan, distilled in 1928, in 1991. Only 500 bottles of the 1928 were produced. Its price at auction has risen steadily. A bottle of the 50-year-old, which would have made £1,200 in 1988, could now sell for £3,000.

THE PE DISA



This bottle of The Borderers Blend Fine Old Malt whisky is expected to fetch between £400 and £500 at auction

THE PE DISA

Not all whisky prices have risen, nor even Macallans. A

bottle

of the 38, once changing

hands for £50, is now nearer

£400 because the high prices

tempted more on to the market.

The same factor has halved the price of the Glenlivet of 1938 to £100. It is the rarities that are fought over.

Unlike most 19th century

wines, whiskies of the same

period should be drinkable,

even the bottle of 1875 from an

unknown distillery, priced at

up to £700. So while the connoisseurs bid up to £1,200 for a

late 19th century bottle of Craigellachie Rare Reserve, drink-

ers might be interested in the reasonably estimated assorted cases, priced at up to £400,

which should provide many evenings of pleasure.

For further details ring Mar-

tin Green at Christie's (0141-322

8134).

Antony Thorncroft

FOOD AND DRINK

*Ditch is a
terpiece*

No one likes to make a fool of themselves. This was a phrase I kept repeating, as I sat on the dais of the hall in Westminster School, London, along with several other "expert" tasters contemplating a tray of 10 varieties of Cheddar cheese.

Worse, I had volunteered to make a fool of myself. Randolph Hodgson, of Neal's Yard, Covent Garden, London, is one of the people responsible for the renaissance of farmhouse British cheeses, and when he asked me to join a tasting panel to discuss the nature and flavours of different cheddars I agreed promptly.

It was the least I could do for all the delicious cheeses he had introduced me to in his shop. My fellow tasters were: Michael Schuster, a wine tutor; Jamie Montgomery, a Cheddar cheese maker; Win Merrells, cheese buyer for Marks and Spencer; Iain Mills, owner of cheese shops in Edinburgh and Glasgow; and Martin Biggs, a technical expert.

I felt reasonably confident about dealing with the cheeses but it was the audience I was worried about. The tasting was being held during the afternoon of the annual gathering of the Specialist Cheesemakers Festival and the audience of about 100, all of them with similar trays of cheese balanced precariously on their knees, comprised some of the UK and Ireland's finest cheese makers: Edward and Christine Appleby; Michael Davies, from the Dorset Blue Cheese Company; Humphrey Errington, who makes Lanark Blue in Scotland; and Norman and Veronica Steele who make Millicans in Cork, Ireland. What could I tell them about cheese?

There were five pairs of Cheddars, none of them specified as to origin or producer. All we were told was that 1A and 1B were from the same farm, one 22 months the other 14 months old; 2A and 2B were different Cheddars but from the same producer and made in the same month; 3A and 3B were from the same producer but one using pasteurised, the other unpasteurised milk; 4A and 4B were block Cheddars from different producers and, finally, 5A and 5B were described simply as "other Cheddars".

What was extraordinary about the cheeses was the range of colour. The 22-month-old was deep golden, going



Randolph Hodgson: helped in the renaissance of British farmhouse cheese

Book review

Nuggets among the ramblings

Andrew Barr is a youngish wine writer who has cultivated a reputation as the *enfant terrible* of the trade since his book *Wine Snobbery* exposed all manner of emperors-without-clothes some years ago. His new book, *Drink* (Bantam Press £12.99, 401 pages), is honest labelled because it is not just about wine – and beer and spirits – but throws in tea, coffee, cola, porter, port, milk, canned draught, water, even opium and cannabis. It is a serious and constantly fascinating volume.

This is, I suppose, social history, but it is also, Barr promises, a book "about pleasure, about sensuality".

More precisely, it is a jumble

of nine essays, with no very

clear scenario, rambling,

repetitious, and studded with

1,000 nuggets of out-of-

the-way information: did you

know that coffee does not

sober you, that Raleigh did

not introduce smoking to

England, that Sunday is not

the Sabbath, that the Royal

Navy's "grog" is named after

the admiral who diluted the

rum invented not in France

but in Britain, that "punch"

comes from the Hindi word

for five (ingredients), that in

the 18th century tea was

more smuggled than spirits,

that in those same years

gentlemen would each drink

two to three, sometimes four

to five, bottles of port after

dinner? (It may be relevant

that water was not safe until

about a century ago.)

In the midst of this,

sometimes overwhelming,

display of obscure knowledge,

Barr develops various

themes. For instance, "Heavy

drinking has always been

part of the British character

– and one that has

differentiated the inhabitants

of these islands from their

neighbours on the continent

of Europe" – so the lager

louts sit squarely in the

national tradition. Set against that, the nonsensical, near-mystical obsession of the French with the role of *le terroir* in their claimed (and denied here) supremacy as a wine-making nation. In a provocative chapter aply titled "Noble Rot", Barr shows how burgundy is marketed with excessive reference to its medieval heritage while its special taste and bouquet are the product not of the *terroir* but of the defects of Burgundian wine-making techniques.

The British have not spotted this because, thanks to a heritage stemming not from the 17th century Puritans but from the 19th century Non-Conformists, they do not believe in *enjoying* wine but prefer to analyse it: hence, it is argued, they prefer claret.

There is a lot of good stuff here, always most readable, about the changes in wine-making technology, the difference between the teetotal and temperance movements in various parts of the world, the unintended consequences of world-wide experiments in Prohibition, and the differing medical attitudes towards alcohol.

The range of the book is illustrated by the fact that Barr writes with similar authority about the role of wine in the Dionysian festivities. And sometimes he writes nonsense: "It is generally believed today, both in France and Britain, that French food is superior. This may or may not be true..." Rubbish: ask any British tourist cruising the *prix-fixe* menus of the French provinces.

But I was grateful for Barr's information that "ladies who lunch" are a development of the early 1800s, upper-class women inventing a new meal to fill in the long gap between breakfast and dinner.

J.D.F. Jones

Say Cheddar cheese, please

Nicholas Lander joins a tasting panel to discuss some very different flavours

brown at the rind and the cheeses grew paler so that Cheese 5B was almost anaemic.

Herewith my first mistake. What for me was the most attractive cheese in appearance – and the one I would certainly have bought on looks alone – was not the best tasting. The cheese I described as anaemic looking turned out to be a Cheddar from the Isle of Mull, Scotland, a cheese I have bought and enjoyed from its charming maker Chris Reade who was in the audience.

The professional cheesemakers on the panel were quick to point out that a Cheddar's colour is highly dependent on cat-

tle feed and the temperature at which the cheese is made. A paler Cheddar is invariably a winter Cheddar made from less rich feed at cooler temperatures. Sure enough, the deep golden Cheddar, 1A, was made by Keens on June 22 1994 while the palest cheese, 5B, was made in the Isle of Mull in December 1994.

All the non-professionals on the panel had, however, already committed one unprofessional error – asking for knives to cut the cheeses. These had been refused. Jamie

Montgomery explained the way to judge Cheddar by breaking a piece off with your fingers and rolling it between thumb and forefinger. He added: "There must be a certain spring in the cheese. It must not disappear to butter otherwise we reject it straight away." We amateurs quickly got the hang of this and were soon rolling the cheese between forefinger and thumb like real pros.

The occasion soon resembled a wine tasting in that once the first few cheeses had been tasted comments began to flow much more freely. One person found a strong smell of sulphur on the block cheddar.

When food writer Matthew Ford tried to codify the British preference for Cheddar as nutty, firm and with a very full flavour, he was countered by a

Frenchman in the audience who sells Quicke's Cheddar in France and Germany. His customers, including the cheese buyer for the large French chain Carrefour, like the softer and creamier versions.

When Hodgson identified the cheeses, as is common in "blind" tastings, the results made fools of everyone. Jamie Montgomery had failed to recognise Cheddars 2A and 2B – although he had made them both.

At least 75 per cent of those present thought 3A, the cheese made with pasteurised milk, was made with unpasteurised milk and everyone was impressed with the quality of

4A and 4B, block Cheddars from Taw Valley and Claps Farmhouse, which appear on supermarket shelves rather than in specialist shops.

More importantly, perhaps everyone was left humbled by the invaluable lesson afforded by a blind tasting. And it confirmed for me just how magnificent a cheese a top Cheddar, such as Montgomery's 14-month-old, can be.

■ Stockists of mature Cheddar include: Neal's Yard Dairy, WC2 (0171-379 7646); La Fromagerie, N5 (0171-551 7440); Jeroboams, SW1 (0171-232 5623); LI Mills' Cheesemonger, Glasgow (0141-339 8956) and Edinburgh (0131-226 6215).

THE PECULIAR CASE OF THE DISAPPEARING ALE.



It was snowing hard that morning as Jeff Kitching hoisted himself up into the cab, but even in those days the Theakston drays went out in all weathers.

The dray was taking the long, winding route from Masham through Fearnby and on up the Dales road for the first delivery at The Crown Hotel in Loftus. The 'Pateley Bridge Run' the Theakston drivers call it.

There would be few folk about in that blizzard. Except to

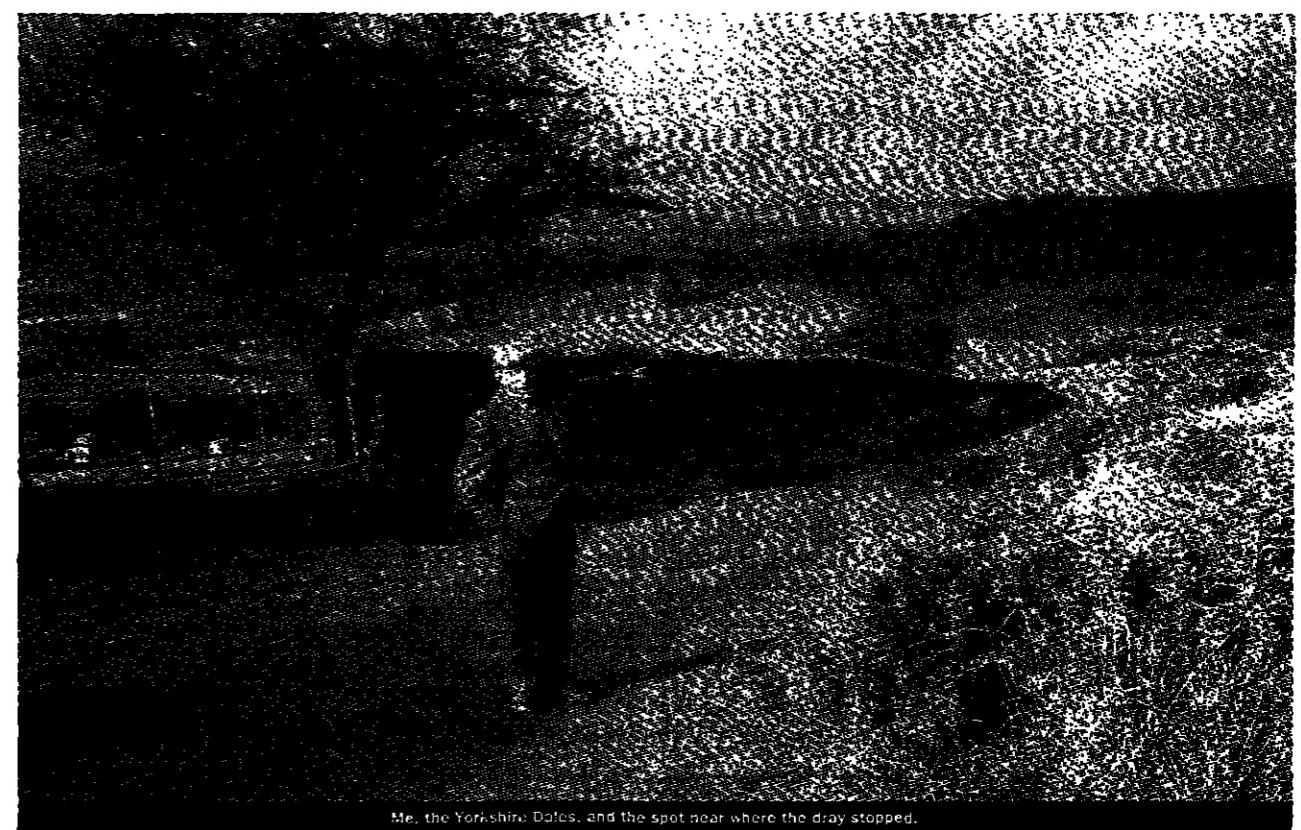
go down to their local, of course. That's what made the journey all important, delivering supplies of our ale, including our award

winning Theakston Old Peculler.

So laden down with casks and crates, he and his fellow driver set off, their thin rubber tyres carving deep patterned lines into the soft falling snow.

The weather got worse. "B**** awful," Jeff said it was. And then the inevitable happened. With many miles still to go, the road suddenly became no road. Dray, driver and mate clambered to a halt, stuck fast like decorations on an iced cake, I'd say.

"We hung about, frozen but determined to guard our load," remembers Jeff. The local police were called and a helpful bobby from Ramskill provided a welcome change of clothing and took them back to the warmth and shelter of Ramskill Police Station.



Me, the Yorkshire Dales, and the spot near where the dray stopped.

Next day local contractor Willie Wise fired up his JCB in Masham and within hours had liberated the abandoned dray, ale and all. Mind, he couldn't shift it without demolishing part of a wall. But the rescue mission was thankfully completed.



Ales have been disappearing down Yorkshire throats since the 12th century, a time when the Cistercian Monks first began to brew ale, just down the road from Masham, at Jervaulx Abbey.

Or was it? For the sight which met them was most peculiar. The dray was there all right, but the ale wasn't. Not all of it anyway. And even in those days a little of our Theakston ale was worth a lot.

"They must have come after the police picked us up," recalls Jeff. Clearly someone had drunk the profits and warmed themselves with our rich, dark and creamy smooth Old Peculler.

I've asked around but it's still a mystery. Folk in the Dales have remained tight lipped, although someone, somewhere, must have opened theirs to sup our ale.

We've never brewed much Old Peculler, so naturally we were keen to recover it. But we never did. Whoever discovered

EST. 1827

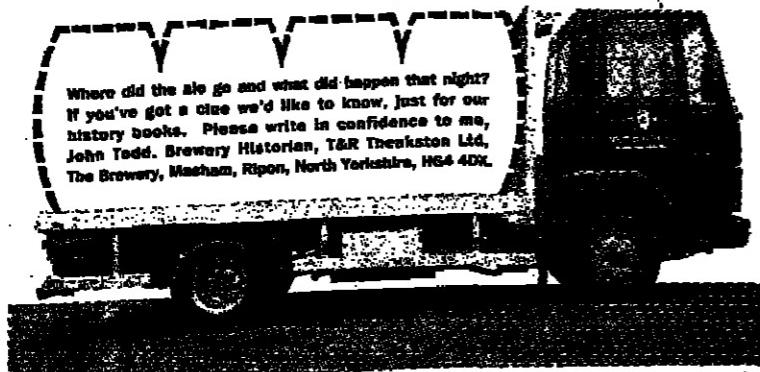
THEAKSTON
TRADITIONAL BREWERS

our abandoned dray full of ale must have thought it was Christmas. Although come to think of it, it was Christmas.

Christmas 1976, I think.

Padd

JOHN TODD, THEAKSTON HISTORIAN



T&R Theakston, The Brewery, Masham, Ripon, North Yorkshire HG4 4DX. Theakston Old Peculler is brewed in Masham and Newcastle-upon-Tyne.

FASHION



Ferretti at her palazzo headquarters in Milan Thomas Wedderburn



Slip of a thing - dress in grey double chiffon with satin trim, £445, chamele bolero, £245, from Harvey Nichols; Lisa Stirling of Manchester; Bernadette of Esher, Surrey; and Mosaic of Stratford-upon-Avon



Soft flannel - grey tie-belt coat with top-stitching and fake fur collar, approximately £320 from a selection at Harvey Nichols

Modern but unfeminine - white satin jacket and hipster trousers, £295, black wool sweater, £195, from Harvey Nichols, Knightsbridge, SW1; L'Amico di Bournemouth; Julie Fitzmaurice of Harrogate; and The Foundation of Guildford

most adventurous, and Franca, editor of Italian *Vogue*, and fashion-editor-turned-photographer Manuela Pavesi.

Whatever her inspiration, her approach to design is practical. Where she used to listen to the customers in her little shop, she now listens to her agents who sell to stores.

A great idea is useless to her if women do not find it flattering.

Part of her secret is an ability to see things from the wearer's viewpoint. She is no fashion revolutionary, but no follower either. Her wearable interpretations appear in the same season as the startling originals.

"I live near the sea, near the factory and I have a beautiful garden which is my hobby. That is enough," she says.

The place inspires her too - her summer dresses, faintly 1930s-inspired with full skirts and fine embroidery, look right for an Adriatic Riviera passeggiata.

She does a subtle take on autumn - soft camel tailoring, gentle fake fur trims on skinny knits and pretty little jackets in soft black fake ponyskin rather than strident leopard.

She will certainly do hipsters next spring, especially for Philosophy, but they will not be hip-hone-low.

"It is not flattering even if you are slim," she declares. "A long back-line makes the proportions all wrong. The secret is to knock off the waistband."

She is modest about her contribution to fashion, although sales of both her ranges have been increasing by an average of 20 per cent each year and doubled last year.

The show was over but tomorrow the real work of selling would begin. Everyone would need to be at their best.

Success has not, so far, lured

Ferretti seems surprised at the interest in her role which, she says, is growing

The fashion world's secret weapon

Avril Groom on a simple no-fuss style that says Ferretti

The first things one noticed were the shoes - pinky-beige patent with little buckles on the side and unmistakably Prada.

With them went a plain, high-waisted A-line dress and jacket, immaculately cut in a paler beige, deeply textured hopsack tweed and far harder to identify. The giveaway was the buttoned tab at the back, like a small half-belt. Thus did an elegant Milanese at the recent spring shows reveal her allegiance to Alberta Ferretti, the fashion world's secret weapon.

Ferretti is a designer no one makes a fuss about but everyone seems to wear. She has a happy knack of capturing the fashion of the moment and making it understandable for a wide range of personal tastes.

She hates obviously identifiable clothes but those in the know recognise the touches - antique-looking buttons, fine top-stitching, delicate embroidery.

"When clothes are simple, as they should be, the quality of detail is important," she says, and it is this uncommonly light and feminine touch which makes her clothes so commercially successful and which has made more than 30 British stores ask to stock her wares.

Her British fans include one tony, girl-about-town fashion editor, another with a quirky, flea market-inspired style and a top store public relations officer known for her minimal chic. All say they feel comfortable, up-to-date and feminine in her designs.

Less well-known in the UK, however, is her astute commercial sense. For apart from designing for her Alberta Ferretti label, she is a powerful businesswoman, heading up a £150m manufacturing business founded simply AEFFFE, from whose logo of her initials in Italian sound.

Some 30 per cent of its turnover comes from her main range and the younger Photo range, the rest from manufacturing for big names such as Jean-Paul Gaultier, Moschino and Rifat Ozek.

She started the business when hardly out of her teens and runs it with her younger brother, Massimo. The days she may spend morose designing but tough decisions are always made joint!

Ferretti is a small, neat blonde invariably dressed in black with discreet antique jewellery and, at least, is rather less formidable than the other granddames of Italian manufacture, Donatella Girombelli of Gucci.

Ferretti seems surprised at the interest in her role which, she says, is growing

naturally. Her success, as so often, comes from a simple idea which she happened to hit on before anyone else. Clothes, she says, are in her blood - her mother was a successful couturière in the Adriatic resort of Cattolica.

In the mid-1970s, at 18, Alberta opened her own boutique, selling holiday clothes plus a few of her own designs. An agent soon offered to wholesale for her, so in her flat above the shop she set up a workshop but business soon outran capacity.

"I needed a factory but that was expensive," she says, "so it seemed sensible to make for another designer, to share the costs. To be credible we had to offer high-quality production and an efficient structure."

The same principles still govern AEFFFE, both in its original factory and in the 100 small factories scattered around the country with which AEFFFE does contracts. Only specialised embroidery is done outside Italy.

Her first client was Enrico Overi, then also a beginner. In '84 she and Massimo signed p Franco Moschino, the witty eccentric who died last year and who maintained that any designer is only as good as his manufacturer. They have since had many approaches and now, with Gaultier's womenwear and Rifat Ozek's womenwear, and a wide range of personal tastes.

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TRAVEL

Cuba Castro's tourism revolution

Adrian Gardiner finds a haven far from Havana

Our little aeroplane pitches and rolls. Lighting streaks along the wings. Passengers cross themselves. The tropical rainstorm which has brought Havana to a standstill follows us all the way to Santiago de Cuba, Cuba's second city 600 miles east of Havana at the other end of the island.

Ancient Russian and prop-driven, our craft lacks the power to climb above the storm. Even the stewardess does not take off her seatbelt during the 2½-hour ordeal.

In Santiago we are met by our official guide, the delightful Gina. She has facts at every fingertip. But even she shows occasional signs of Soviet-style indoctrination. We pass a hotel built, she says, before the "Triumph of the Revolution"; our hotel, the San Juan, was known until recently as the Leninigrado.

If Havana is the city of Graham Greene, then Ernest Hemingway, then Santiago claims José Martí and Emilio Bacardí. This year sees the centenary of Martí's death. He fought the independence campaign against the Spanish and is a national hero. A writer and philosopher, he was less successful as a gun-toting revolutionary and is buried in Santa Efigenia cemetery on the outskirts of Santiago.

Bacardí, a mason and three times mayor of Santiago, was the son of an immigrant from Catalonia. He too played a part in the Independence Wars and he gave the city its first library and museum, opened in 1888.

There is no shortage of rum at the Casa de la Trova, just uphill from Santiago's cathedral. White rum, dark rum, old rum, strong rum... The Casa is a jazz club where, for a dollar, you can sit all day listening to musicians improvising on guitars, double bass,

bongos, maracas and claves. At our hotel restaurant - the standard of which is well above the national average - the April Quartet plays good flamenco. Night falls and the rain drums on the striped cotton canopies around the swimming pool. The poolside bar throbs to the rhythm of an Afro-Caribbean steel band. But by dawn the storm has rained itself out.

I evict a frog which has taken refuge in one of my shoes, and set off for El Cobre, the copper church. En route we pass San Pedro de la Roca, a handsome 16th-century Span-

The rum is cheap, the natives are friendly and the music is excellent

ish castle splendidly sited on a headland. Appropriately it now houses a pirate museum; Henry Morgan and other corsairs once provided this coast waiting for treasure ships heading home to Spain.

El Cobre, decorated with fine marble and stained glass, is dedicated to Cuba's patron saint. The Virgin of Charity is credited with healing powers and many Cubans come to pray for good health. The strangest feature of El Cobre - apart from being built on top of a copper mine - is a little shrine to the raft people. Grieving relatives leave written prayers, letters, photographs and mementoes of those who have disappeared while trying to reach the "Promised Land" of America.

East of Santiago is a vast theme park called "El Valle Prehistórico" of life-size dinosaurs, pterodactyls and mammoths made of cast concrete.

The little town which grew up remained inaccessible except by sea until La Farola was built in the 1960s. A church in miniature, Nuestra Señora de la Asunción, now stands in the centre of Baracoa, built on the site of Columbus' búnio. The remains of his cross, made of grape wood and bound with silver and brass, is inside. It stands 3ft high, rather less than half its original size. Souvenir hunters have chipped off pieces over the centuries.

Dusk falls and I walk back to my hotel through streets of small, elegant Spanish-Colonial houses. Black pigs root in the undergrowth. A young man falls into step beside me, and introduces himself as Jorge. I am suspicious. In Havana and

Varadero such young men, if not beggars, are selling black market currency, stolen cigars, their sisters, marijuana, or tortoiseshell or coral, both of which are proscribed imports to Britain.

But Baracoa is more laid back. Jorge is not a hustler. He is interested in life outside Cuba. "Things are not so bad here," he says, "as in Havana. There are many shortages: petrol, electricity, soap, matches, pens, shoes... unless you have dollars. Almost everything is rationed nowadays."

"A government minister will appear on state television and say the potato harvest, for example, has grown by 50 per

cent for the third year running. Then you go to the market and there's not a potato in sight."

Thirty-six years after the "Triumph of the Revolution", Cuba is opening a new chapter in its history. Tourism in the climate of economic crisis brings its own problems. Prostitution is so rife that a new word has been coined: jiteneras, literally, horseback riders. Hustlers proliferate along the beaches of Varadero (you can avoid them by taking a taxi to the smart end of town), and around the tourist sites of Old Havana.

The parallel economy - hard dollar and soft peso - is already creating a divided society with lawyers and teachers working as waiters in tourist hotels. But in sleepy little Baracoa it might still be 1492. The rum is cheap. The natives are friendly. The sun and sand are free. The problems of Havana and the rest of the world seem far away.

From Havana, there are several daily flights to Santiago and three a week to Baracoa. There are two buses a day from Santiago to Baracoa. Car hire costs from \$40 a day and hotels in Santiago and Baracoa \$35 a night, double room in high season. The Cuban Consulate and Tourist Board - 167 High Holborn, London WC1 6PA. Tel: 0171-379 1706.

St Lucia Party night on 'sensible' island

It is Friday night on St Lucia and everyone has gone to the party. Around 20 years ago Herbert Scott, owner of a makeshift bar in Gros Islet, a small beach village in the north of the island, started to offer a few free snacks with his iced beers. It was enough to start an institution.

Now, every Friday (except Good Friday), the tiny fishing community disappears beneath thousands of visitors, both locals and holidaymakers, committed to creating a weekly "jump up" on what is usually a rather proper island.

St Lucia has been sensible about tourism. The hotels are low rise and mainly confined to the north of the island, facing the sunset. But there are few inducements to leave the cosy beach-side atmosphere.

This could become claustrophobic. Taxis and car hire are relatively expensive but it is worth investing a day or two in the rest of the island.

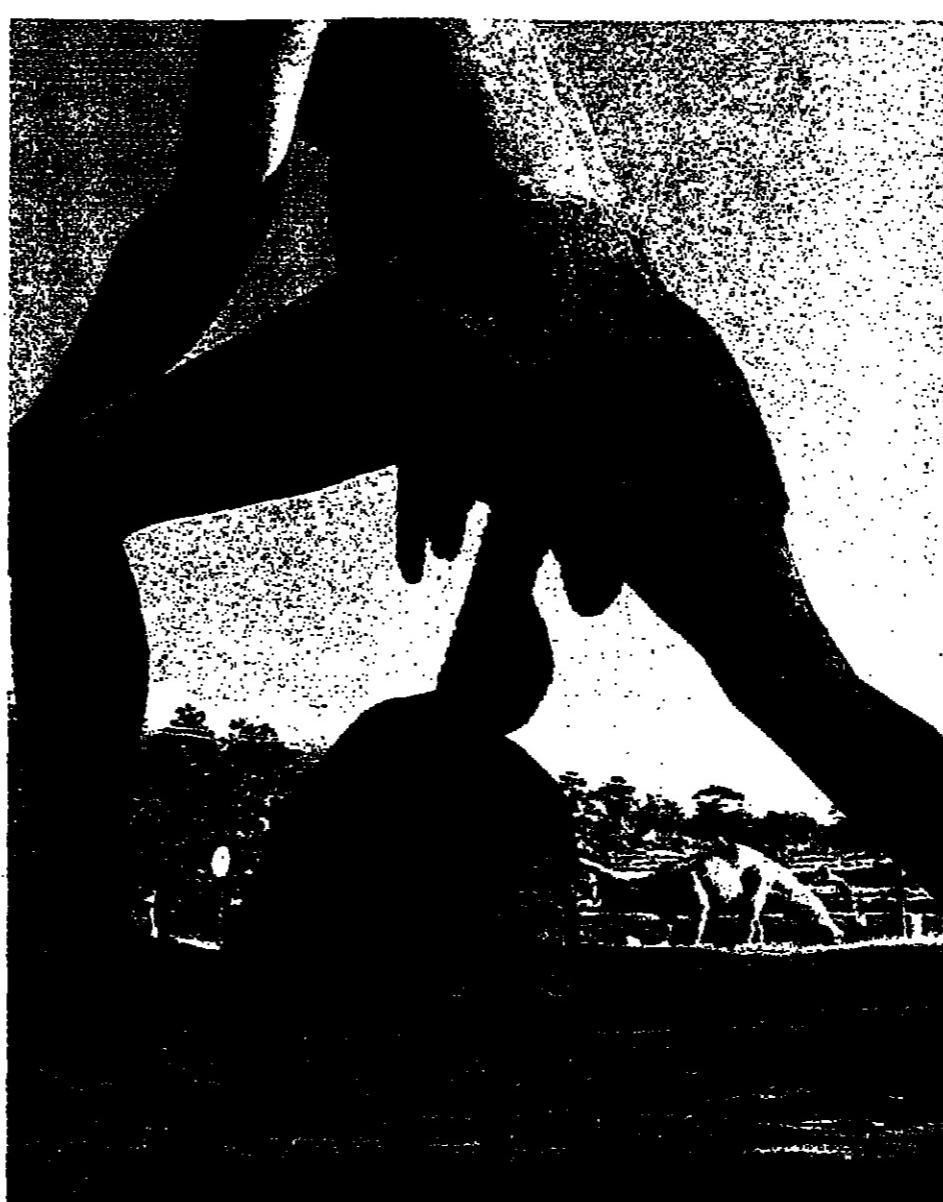
There is little to detain you in the capital, Castries, apart from the balcony of Paul's restaurant, with its views over the main square. There is little in the rest of St Lucia in the "must see" category, although the sulphur springs are a nostalgic reminder of chemistry lessons and you can half believe the tale that Napoleon's Josephine bathed in Diamond Falls.

The great appeal of St Lucia, apart from sea and fine beaches, is the scenery. Its volcanic origins make it mountainous, and much of the island is covered with jungle. The contrast between the sophisticated resorts and the villages huddling among the banana plantations is striking.

St Lucia is the sensible Caribbean island. Its people are relaxed but restrained. The schoolchildren, neatly uniformed, suggest England in the 1950s.

There is sadly little contact between the residents and the holidaymakers, shielded in their hotels. That is why Friday night is so important - the chance for everyone to celebrate the pleasures of an island in the sun.

Antony Thorncroft



Off the track: El Valle Prehistórico, a theme park of dinosaurs east of Santiago

Adrian Gardiner

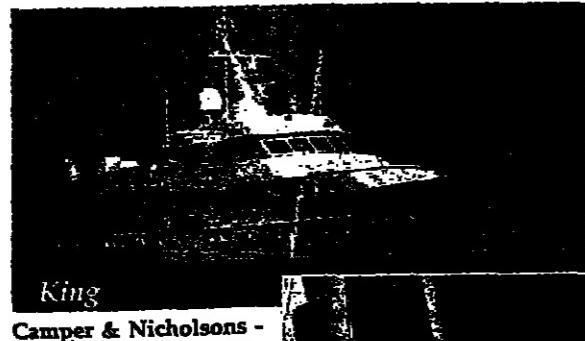
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21 December - 2 January 2005

22 December - 2 January 2006

23 December - 2 January 2007

24 December - 2 January 2008

25 December - 2 January 2009

26 December - 2 January 2010

27 December - 2 January 2011

28 December - 2 January 2012

29 December - 2 January 2013

30 December - 2 January 2014

31 December - 2 January 2015

1 January - 2 January 2016

2 January - 2 January 2017

3 January - 2 January 2018

4 January - 2 January 2019

5 January - 2 January 2020

6 January - 2 January 2021

7 January - 2 January 2022

8 January - 2 January 2023

9 January - 2 January 2024

10 January - 2 January 2025

11 January - 2 January 2026

12 January - 2 January 2027

13 January - 2 January 2028

14 January - 2 January 2029

15 January - 2 January 2030

16 January - 2 January 2031

17 January - 2 January 2032

18 January - 2 January 2033

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30 January - 2 January 2045

31 January - 2 January 2046

1 February - 2 January 2047

2 February - 2 January 2048

3 February - 2 January 2049

4 February - 2 January 2050

5 February - 2 January 2051

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7 February - 2 January 2053

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TRAVEL



Scrubbed clean: families of pigs join the women washing on the beach of the Caribbean coast

Honduras

Another day in paradise

Guy Marks discovers Sambo Creek, where even the pigs enjoy a place in the sun

Arriving at Sambo Creek, I felt I had landed in Africa. Quite unlike other parts of Central America I had visited, this tiny village on the Caribbean coast of Honduras showed little mestizo influence. If it had been transported from some African shores, then most of its villagers did not notice and the others did not care.

The Bay Islands are a huge attraction for travellers to Central America. Many visitors to Honduras head straight there, stopping only at the Mayan ruins of Copan near the Guatemalan border and the capital Tegucigalpa for their international flight. A few change flights at the coastal town of La Ceiba and it was there that I noticed a bus going to Sambo Creek.

The name alone made me want to go, and so I set out along the Caribbean coast.

The village had a backdrop of mountains covered by lush green tropical forest. Like every good paradise it was set on a beach of white coral sand that stretched away to infinity.

A line of palm trees separated the narrow strip of sand from a band of once-cultivated land. A disused rail track was all that gave a clue to the

area's past. It had been an agricultural zone in the heyday of the Banana Republic.

"Is there a hotel here?" I asked an old lady who was chasing a chicken out of her house. "Yes, down there by the creek," she nodded her head, motioning me further down the track that was the main street.

The hotel was at the end of the village: a small building with a few chairs on a front porch. A block with about 10 bedrooms leading off a central passageway had been built in the garden. It was clean and basic, very cheap (less than £2 a night), and the water occasionally worked. At certain times of day there was even enough water to take a shower, standing outside under the water tank.

A river of clear fresh water flowed from the mountain behind and formed a pool at the mouth. Trapped by a sand bank of white beach, the lagoon formed a focal point for village life. Draining slowly for most of the day, the creek was continuously replenished with fresh water from the river and flushed by the Caribbean at high tide.

The village was mainly populated by Garifuna people: black Caribs whose ancestral origins in Honduras go back to a mass deportation from St Vincent in the late 18th century. I was surprised to find this black community maintaining its African identity in a country where 90 per cent of the population are mestizo or offspring of Hispanics and Mesoamerican Indians.

In true African style, I sat on the veranda in front of the hotel drinking a few *Salo Vidas*, or Lifesavers as the local beer was called. I asked a man drinking with me if anyone here was called Sambo.

"Oh yes," he said. "There are several Sambos in the village."

This was a wonderful spot from which to watch the world. On one side I had a view along the main street, on the other I could see the creek, and in front was the beach. A stream of women wash clothes. Every house had its washing line full and vast areas of the sand were covered with clean clothes spread out to dry in the sun. Pigs wandered along the beach and through the water past the washing women.

All day, every day, there were women washing clothes. Every house had its washing

line full and vast areas of the sand were covered with clean clothes spread out to dry in the sun. Pigs wandered along the beach and through the water past the washing women.

The longer I sat on the hotel veranda, the hungrier I felt. Eventually food turned up. There was a choice of chicken and chips or fish and chips.

In the morning there seemed to be no one at the hotel. I strolled down the street past the simple thatched huts in search of some breakfast. The sound of Bob Marley emerged from one hut.

I asked if there was any bread in the village. "Fai pan de coco," a woman said. This was bread made with coconut milk, soft, fresh and doughy, a bit like a milk loaf.

A concrete cross with fading

assortment of shiny metal pans were washed in the fresh water, closest to the river. A woman stood gutting a fish, already preparing the next meal while she washed up from the last.

Further down towards the beach, women stood with tin baths and scrubbing boards. I have never seen so much washing.

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The long tradition of homes fit for heroes

Gerald Cadogan on houses for settling veterans, from Roman times on

In 1918 the politicians promised them "homes fit for heroes". New housing was a desperate need and it had to be good quality for those wartime heroes returning from the mud and fith of Flanders.

The story repeated itself 27 years later. Building the New Britain after the second world war meant building houses, schools and hospitals.

But progress was slow until 1951 when Harold Macmillan became Minister of Housing under Churchill. He promised 300,000 new houses a year, and he delivered. When Eden succeeded Churchill in 1955, more than a million had been built.

The idea of settling veterans is as old as the Romans, who offered their disbanded legions land and a place to build, often in newly conquered territories.

After the Romans, veterans' housing vanished for a long period of history. Local levies

were then commonly used to finance housing for returning soldiers. But once professional soldiers had reappeared on the battlefield in post-medieval times, the problem of the state's obligations to them resurfaced.

The 17th century kings of England and France responded gloriously, founding the royal hospitals at Chelsea (soldiers) and Greenwich (sailors) in London and Les Invalides in Paris.

Nor did they neglect their generals, now that kings no longer ran their battles themselves. A grateful nation – or its grateful monarch – was happy to bestow the royal manor of Woodstock in Oxfordshire on John Churchill, Duke of Marlborough, where he and his wife could build the vast Blenheim Palace.

A century later, the Duke of Wellington received Apsley House (which is as grand as its address – Number One, Lon-

don) and Stratfield Saye in Berkshire as his country house.

It is a surprise to find that the custom continued into the 20th century. Bemersyde was the old seat of the Haig family in the Scottish Borders. As you enter, a plaque records that the citizens of the British Empire subscribed to return it to Earl Haig...

The demand for homes for the ordinary soldiers who were lucky enough to survive under his command on the Western Front revolutionised the provisions and standards of housing. With war no longer restricted to professionals, for the first time in history huge ex-armies needed looking after.

In 1919 the requirement was 619,000 new houses. Two years later the census recorded that there were still 750,000 more families than separate dwelling units – which translates into married men back from the trenches living with their par-

ents or in-laws.

Contrast this with the situation just before the first world war when London had more houses unoccupied than were occupied in Paris, according to Robert Graves and Alan Hodge in *The Long Weekend*, a history of the years between the wars.

Few houses were built at first, partly because building materials were in short supply and prices had risen. A Ministry of Health house cost £210 in 1921.

A year later that had fallen to £285, but the housing shortage remained acute until the private building boom in the 1930s. Fuelled by low interest rates, new housing reached an annual rate of 350,000 units in the late 1930s.

But official attitudes had changed completely from before the first world war. Thanks to the need for heroes' homes, it was now a responsibility of central government to produce housing of a decent

standard and sanitary standard (hence slotting it under the Ministry of Health with gas and electricity, bathroom and lavatory).

The agents for this were the local authorities. So began the era of council houses, which were being built at around 75,000 a year in the 1930s.

The demand for homes for

servicemen was extreme privacy enhanced by excellent security. 6 bedrooms, 3 with en-suite bathrooms, two additional WC's, 30ft sitting room, dining room, office, spacious hand crafted kitchen, large utility room, games room, independent staff/guest cottage, 3 car garage, swimming pool. Contact likely to construct three further houses.

The grandest house on the market with a heroic connection has just been sold by Knight Frank & Rutley, with a guide price of £1.5m. The grateful nation gave Standlynn near Salisbury, Wiltshire, to Nelson's brother in 1815. It is a superb Georgian house designed by John James of Greenwich, who had been Wren's assistant surveyor. It was renamed Trafalgar House. It also boasts two wings by John Wood the Younger (of the Royal Crescent in Bath) and a

classical Greek portico based on a temple on Delos by Nicholas Revett.

In the Chatham Historic Dockyard, Kent, a smart 1720s terrace of officers' houses is for sale by individual houses. The 12 houses in Officers Terrace, listed grade I, have four storeys high, and have Doric porches, battlements and their own walled gardens.

Here you can live like an

18th century officer in the heart of the dockyard, which is crammed with ancient and interesting buildings, for £275,000 for a refurbished house, or at prices from £120,000 for the houses needing renovation. The agent is GA Land & New Homes in Dartford (01322-237287).

Or live in an old naval hospital. Kit Martin is converting the 1809 hospital in Great Yarmouth, Norfolk, into houses, cottages and flats – expect them to come to market next year.

And in Plymouth, Devon, the 1762 hospital at Stonehouse – the earliest to keep patients in separate wards to avoid cross-infection – is being partly converted to cottages and flats, and renamed The Millfields. The hospital buildings will also house a school and a business centre.

"Such developments are good news for a city hit quite hard by defence cutbacks," says Jason Hooper of local agent Fulfords.

Houses on offer at The Millfields cost from £90,000 to £225,000, which buys the best house where the admiral lived. There is plenty of house for your money, and also an oval garden and an ancient mulberry tree.

The agent is Constables (01752-668242).

Officers Terrace at Chatham, Kent. Houses from £130,000 to £275,000

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The grandest house on the

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BOOKS

I believe last night that my old enemy, the Devil, taking the advantage of my being in drink... tempted me to be a little turbulent." Thus Robert Burns in a letter to a friend; and it might have been written to any friend at any time in his adult life, because he rarely refrained from offering, nor the Devil accepting, such opportunities. On this is based the standard view of Burns as a roisterer, whose chief delights were wenching and drinking until he was "roaring foul".

The picture has much truth, for in his short and vivid 37 years Burns did plenty of drinking and wenching. When he died it was widely accepted that excess had killed him; but if so, the bounding pulses of his poetry and songs justified it all. His satire, his penetrating observations of life, his moving long songs, even his rollicking bawdry, are a permanent possession. Defending him against those who "make a parcel of wry faces" over Burns's character,

William Hazlitt argued that "he could hardly have described the excesses of mad, hairbrained, roaring mirth and convivial indulgence", as in "Tam O'Shanter", his greatest poem "if he himself had not drunk full often of the ton than of the well".

But there is more to Burns than booze and a trail of bastards between Edinburgh and his native Ayrshire. He was also a man of independent spirit and strong affections, who loved his children and his Scotland, and who had gifts of mind and conversation truly exceptional in one who began life as a poor farmer's son, with no advantages of fortune or education.

His genius alone supplied the lack; and it had a severely practical

as well as poetical bent, for even at the height of his fame he did not lose his head. He understood that the adulation of Edinburgh society which accompanied the publication of his poems, and the boning he enjoyed as he toured Scotland afterwards, would not last. That is why he tried his hand at farming, and then worked as an excise-man; he had a wife and children to support.

Ian McIntyre is a biographer who, from his first sentence, transports you absolutely into the world of his subject. Opening his pages is like stepping through doors into 18th-century Scotland and meeting its inhabitants face to face. He sets his scenes with marvellous economy and richness; one is made instantly at home in Edinburgh and Ayrshire,

instantly familiar with Mr Creech and Burns's "Clarinda" and Robert Ainslie and many besides in the wide circle of Burns's acquaintance.

Burns is the focus of a large industry, but McIntyre does better by giving us a shrewd, clear, com-

prehensive and wonderfully readable portrait of Burns as fallible man and gifted poet.

This is not to say that McIntyre always approves of Burns. There is a touch of the domine in one or two of his asides, when he catches Burns

only when he is really convinced that praise is due.

This is therefore a balanced and frank account - although in the end McIntyre, like the rest of us, cannot help feeling affection for the gifted "skeleton" of a poet with his vigorous appetites and sharp-eyed sense of humour.

Burns's life was short, and it was lived in a narrow geographical compass, but it is heroic in its proportions. The "ploughman poet" became the darling of high society, and comported himself with credit; he got into scrapes through ill-judged political enthusiasms, fornication and drink, but none of them were fatal; and the absence of malice in him, and his deep love of independence, left him in his own keeping until the very last months of his life, when illness made him unnecessarily afraid of penury.

McIntyre maps the details of this big life in its little compass, and in the process makes Burns a "drolly crony" to his readers.

Fiction Comic book heroes

Willocks's new book offers the kind of plot found in a Marvel comic. Clarence Jefferson, a semi-mythical, dead "lawman" sets the machinery in motion with the evidence he collected to indict corrupt politicians and capitalists in the American south. Jefferson has charged two people with the task of publicising the information: a millionairess femme fatale, Lenna Parlaud, and Dr Grimes.

Grimes is a superhero martial arts expert who can also show a woman how her heart swings. Like Willocks, Grimes is a doctor turned psychiatrist specialising in the treatment of drug addiction, which may account for the stoned psychokinesis and far-out convulsions that pass for narrative: "Amidst the delirious celebration of the death of God, the death of death, the dissolution of interiority" etc...

Grimes and Lenna form a sparing partnership to deliver the "kingdom" from evil and more specifically to save Lenna's estranged daughter from her murdering, racist husband, Filmore Faroe. Pursuing Grimes and Lenna are a Cuban mercenary army and a foul-mouthed attorney. On the good guys' side are Grimes's father, George - second world war veteran and erstwhile union activist - and rock singer Ella.

Inevitably good and evil meet up in hell and a bloodbath ensues. Jefferson himself has a nasty habit of rising from the grave, sometimes in italics, sometimes more graphically with gangrenous limbs.

BLOOD STAINED KINGS
by Tim Willocks
Cape £14.99, 311 pages

MARKED FOR LIFE
by Paul Magrs
Chatto £12.99, 217 pages

stab wounds and third degree burns. But in spite of his reputation - "His mind had become an abattoir of unsolved riddles" - he is really as sweet as a nut. Try as he might to enlighten us, his philosophies on the nature of evil rarely sound more than a parody of Kurtz's *Blood Stained Kings* would be stronger without these excruciating attempts to make it *Heart of Darkness*.

It is all very child-like, particularly over the last 100 pages, with its comic book violence. This would not be so offensive, if it were not for Willocks's attempts to invest his heavy-metal design with serious literary intent. The distinction between literary and genre writing has been blurred in recent years, and Willocks is straining for such a cross-over. But his characters are no more real than Batman.

The characters in Magrs's first novel are very much of this world. Disenfranchised, unemployed, drab, they are grounded in a sublunary housing estate in the north of England, a milieu that only a gifted novelist could do anything with.

Magrs depicts all their lives movingly and with an exactitude that belies the author's age (25) and writing experience. The antecedent of *Marked for Life* is the gritty Northern realism of Sillitoe and Bleasdale. Magrs invents these stereotypes with the sexual politics of Jeanette Winter and the magic realism of Angela Carter and peppers the text with popular culture references.

Mark, every inch of his flesh tattooed, is a bisexual house husband, cuckolded by his wife, Sam, who works in a department store in the local shopping mall. Tormented by Mark's sexual past and her mother Peggy's open lesbian relationship with the Orlando-esque Iris, Sam seeks refuge with a phlegmatic policeman, Bob. In spite of their unlovability, all these characters are sympathetic - a measure of the generosity Magrs shows them.

When Mark and Sam's daughter is kidnapped, they unite to get the child back and reach the conclusion that marriage is a construct which does not fit everyone. The denouement is a surprise only in so far as it is a sudden departure from the established form, derivative of Angela Carter and perhaps comes too late. But for the most part the novel is a beautifully written and witty debut.

Russell Celyn Jones



Seventeenth century stucco by Michel Anguier and frescoes by Giovanni Francesco Romanelli in Anne of Austria's Summer Apartment from "The Architecture of the Louvre" (Thames and Hudson £28, 224 pages) by historian Genevieve Bresc-Bautier with photographs by Kelchi Tahara

Incurable beachcomber

The Mediterranean still has the power to surprise even the most seasoned of travellers, says Iain Finlayson

He is the man who was rude about Rye, disapproving about Aberdeen, on his coastal tour of Britain, now taking a year to beachcomb the Mediterranean coast. His temper has not much improved, although he is now more conscious of it. When he has been particularly grumpy, he occasionally, disingenuously, admits it, advising the reader to carry on regardless: he'll get over it. Besides this is Theroux's trip - not the reader's. Get used to it. Theroux is not going to give up his tour of the littoral, the fringe of things, the edge where customs and civilisation tend to fray.

Like many travellers before him, Theroux generally finds that abroad is Glasty. He appears to regard the itch for travel as an unfortunate affliction. When he realises he has contracted, say, China Fever, the only remedy is that he must go to China. Like toothache, the nuisance remains until the necessary root canal work is done and the nagging nerve finally deadened.

Unlike his travels in Africa, Polynesia and South America, continents that swallowed him as a traveller, Theroux finds that Europe and the Mediterranean in particular is like a stage set. It gives drama to a trip - it is a background." One imagines Theroux on his Grand Tour, posing for a Baton portrait against a classical setting of ancient monuments and Arcadian groves. But the ruins of ancient monuments do not interest him - Greece is "a cut-price theme park of broken marble".

The Grand Tour is banal, and Theroux knows it. He is forever on his guard against writing anything that can conceivably be seized upon by an entrepreneur as constituting a recommendation - a fate that h notes has befallen Eric Newby, a quotation cobbled

together from the six pages he devotes to the Negresco in his book on his trip around the Mediterranean is displayed on a placard in front of the Negresco's Chantecler restaurant in Nice."

Everywhere there are three major unavoidable irritants - graffiti, Germans and tobacco.

Every country has its own particular cultural horror - bullfights in Spain, for one.

He is disgusted by bullfights, but curiously goes again and again, partly to exorcise the ghost of Hemingway. "It was impossible to be in Spain and not think of Hemingway."

THE PILLARS OF HERCULES. A GRAND TOUR OF THE MEDITERRANEAN
by Paul Theroux
Hamish Hamilton £17.50, 523 pages

Well, maybe for an American. Europeans might think first of Lorca, Orwell, even Norman Lewis whose classic memoir of the post-war development of the Spanish coast, *Voice of the Old Sea*, is not among the various books Theroux consults on his visits to Torremolinos and other tourist resorts.

Wise travelling out of season, Theroux cultivates creditable acquaintance: the quick and the dead. Dorothy Carrington, living frugally in Corsica is a major coup. One is glad to meet this elderly, resilient, intelligent woman whose books about Corsica are still the most relevant resource for the traveller. In Barcelona, we are told about Dali; in Deja, Majorca, Theroux is nicely respectful of Robert Graves. He has everything good to say about the shade of Carlo Levi at Allano. Odd, then, that on his swift detour to Rijeka, formerly known as Fiume, he says nothing about the dandy adventurer poet Gabriele D'Annunzio who ruled there for a year in 1920/21 as dictator of what will return.

Theroux brings out the essential disappointment and tedium of travel. When he describes Europe as a stage set, one understands the feeling of having sat through a bad play. And yet, and yet, this current bout of travel fever has not been cured. "This was unlike any other trip I had taken, because although the journey was over, the experience wasn't." Goethe famously remarked, "Experience is only half of experience." Maybe these Europeans (a German, even) have something to say to the invertebrate traveller who finally settles on a place to which he will return.

A walk on the dark side of humanity

These authors have exorcised their own demons, writes Nick Curtis

Thereafter, as inmates of a reformatory school (sleepers), they were brutalised, beaten and raped by sadistic guards. This horrendous treatment is Carcatera's justification for the fact Tommy and John later murdered one of the guards, and he and Michael - then a state prosecutor - conspired to get them acquitted and ruin the other guards' lives.

It seems a fantastic story. While the depth of Carcatera's feeling is unquestionable, his melodramatic style makes you wonder how much he has bent the truth: the evidence of trial rigging would be enough, if accurate, to put several of the denizens of Hell's Kitchen behind bars.

His description of the abuse in the school and the mental and physical scars it left rings true, but elsewhere the story seems glossed, and the dialogue tweaked. It is no coincidence that *The Count of Monte Cristo* is mentioned as the quartet's favourite book, since Carcatera's is just as compelling and just as naively romanticised. The truly weird thing is that it is true.

Not only on pugilism - cinematic and literal Carcatera's mind is on tippy, as this book is an exorcise of his own demons and a hoot to lost innocence. In the 1960s he and his three prima donna Italian-Irish friends, Tommy and John, roamed through the streets of Hell's Kitchen until one of their pranks nearly killed a

Margaret's legacy

Graham McCann on a critical appraisal of the English

Richard Hoggart does not think much of the way we live now. By "we" he means the English, and by "now" he means the years since Margaret Thatcher first came to power. Few readers will find his dissatisfaction surprising - Hoggart has, after all, been a pawky, powerful and articulate critic of the way we live now for more than 40 years. Now, like then, he seeks to highlight the threats to a certain tradition of moral decency, of, if one likes, being human, in a modern commercial society.

According to Hoggart, we are not as free as we like to think we are. A free people is a people with a good memory and a good imagination: a good memory, so that the distinctiveness of the past is preserved, a good imagination, so that the distinctiveness of the future is anticipated. The English people, Hoggart suggests, have, in recent years, begun to lose both qualities.

England today, argues Hoggart, is a society without a proper sense of history or of future possibility. In place of history there is nostalgia, in place of progress, pragmatism.

It is a society in danger of ceasing to develop, to grow, to improve, succumbing instead to what Hoggart describes as a "surf-riding phase" in English life: a world of short breaths and short distances, more a matter of splashing round in grooves than of taking off into

the high blue yonder". It is not so much an open society as a "collectively solipsistic" society, enslaved to a self-defining individuality. It continues to honour the old democratic trinity, but in a new and cynical way. Liberty "to make money by trampling on those in your way". Equality "only at the very start of the rat race and with no allowance for the initial disadvantages of others", and Fraternity in the form of mere "false bonhomie".

At the heart of this malaise,

THE WAY WE LIVE NOW
by Richard Hoggart
Chatto & Windus £16, 352 pages

according to Hoggart, is our gradual slide into relativity.

The powers of authority, both secular and spiritual, have been eroded. In their place are forms of relativism, which have in turn encouraged populism in politics and leveling in society. This suits those on the right, argues Hoggart, because they know that, "behind the slogans and the blonkiness, most levelling is bogus"; it suits many on the left as well, either because it allows them to patronise those low down in the heap.

In our culture, this process has encouraged "quality-reductionism of all kinds - from food to moral judgments", and as a consequence, "the umbrageous".

Foreign

Edward Mortimer

Gr

Books

BIG
BY VON HAYEK
WITH AN AFTERWORD BY
FREDERIC BROWN

BY FREDERIC BROWN

BY FREDERIC BROWN

BY FREDERIC BROWN

BY FREDERIC BROWN

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BY FREDERIC BROWN

BOOKS

The repeated failure of efforts to find peace in Ireland during the last 25 years must give every optimist about the ceasefire pause for thought. Yet anyone considering a return to the bomb and the bullet would do well to read a new book on the province's recent history. Described here in vivid detail is terror after terror involving the innocent and the undeserving.

Tim Pat Coogan, an Irish newspaper editor, shows how desperate poverty in the Catholic areas in the 1960s persuaded mothers to send their sons out in fight. He recalls women expressing the "bitter grief of womb and tomb" after a five-year-old had been killed by an army vehicle, and their efforts to tear soldiers limb from limb in their anguish. In the 70s, he remembers visiting hunger strikers, covered in their own excrement, maggots surfacing from their lips, but their eyes completely closed to appeals for reason.

This is a powerful tale where participants at all levels undergo great physical depravity.

Terror of The Troubles

Nicholas Kochan looks at new insights into Ireland's old conflicts

vation in pursuit of some higher, but hopeless, cause.

The failure of London to understand the roots of Ulster's Troubles is shocking in a different way. Time after time, English politicians were benevolent but ineffectual. James Callaghan "talked Green but acted Orange" while Reginald Maudling took one look and ran. He is reported to have said after visiting the province for the first time: "For God's sake bring me a large scotch. What a bloody awful country!" Peter Brooke and Patrick Mayhew, who both have Irish antecedents, may have made their blunders, but they clearly got stuck in and the results now shine through.

For Coogan is no lover of English politicians. His heroes are Gerry Adams and Martin McGuinness, and he has produced a racy work cele-

brating their rise. "The Troubles" veers between hagiography and history and the author makes no bones about his sympathies. "I had come to know many of the Republican leaders over the years, and was well aware, the use of force notwithstanding, that figures like O'Brien, O'Conor and now Adams, McGuinness and the rest of the Northern leadership were men of calibre and integrity." Coogan tells how he tried to build bridges between the IRA and John Hume in the 70s, and between Adams and Charlie Haughey in the 80s. He may have had a role in today's peace process, although neither of his efforts a decade ago was particularly successful.

That is not to doubt the depth of his contact book. His interviewees span the gamut of Irish political life. Hume and the American Republican

activist Niall O'Dowd go on the record, but most sources are anonymous. An unnamed British general speculates that origins of the IRA lie in southern Irish money, while a

TRROUBLES THAT DEFY UNDERSTANDING:
THE TROUBLES
by Tim Pat Coogan
Hutchinson £20, 460 pages

FIGHTING FOR IRELAND
by MLR Smith
Routledge £25, 245 pages

similarly anonymous former Irish president suggests that the British Army is a hierarchical and unfeeling organisation. Coogan's investigation, using largely anonymous sources, into the treatment of the British undercover agent

mortaring of Downing Street on 7 February 1981, the ending of the cold war and the sheer cost of maintaining the British presence in Northern Ireland were all signs of the ineluctable dialectic of history." His analysis of the Protestant movement is equally superficial, and the intonations against Ian Paisley are reduced to a kind of rhetoric employed by the great anti-papist himself.

There is no shortage of analysis in MLR Smith's assessment of the military strategy of the Irish Republican movement, and much of it is illuminating. Smith argues that Adams is a pragmatist who has lifted the Republicans out of the straitjacket of ideology. By setting aside the view that the IRA needed violence to fight a colonial force, Adams has been able to make trade-offs with constitutional parties in Ireland, culminating in the ceasefire of August 31 1994.

Republicans and British ministers alike have the task of ensuring that the ceasefire holds and The Troubles - and the horror that accompanied them - are banished for good.

Could that have been the event that stirs Adams's great passions today?

Coogan deals with the origins of the peace process in just one long, provocative sentence. "The IRA's strength, as evidenced by Brighton, and other episodes, including the

Brittain's conundrum

JDF Jones on a worthy biography

Vera Brittain is probably remembered today for two things: she was the mother of Shirley Williams, and she wrote one of the classics of first world war literature, the autobiographical *Testament of Youth*. She was born in 1893, died in 1970. Her biographers have focused on three aspects of her life: her tragic experience of the war, when she lost her fiancé, her brother, and their closest friends; her rather tumultuous relationship with Winifred Holtby, the near-forgotten Yorkshire novelist and journalist; and her role as an active pacifist over many years.

Not surprisingly, the marriage was to be "semi-detached". Vera made it clear that her work came first - "much as I love my husband, I would not sacrifice one successful article to a night of physical relationship" (even the most ambitious journalists of my acquaintance might blanche at that). She hated campus life at Cornell and as the authors conclude, the difficulty of combining marriage

These, it seems to me, must inevitably anticipate, and thereby belittle, the ultimate expression which only comes when there is the fullest acceptance of all sorts of all that love means..." George swallowed this and they were married in June 1925.

Winifred took the marriage manfully, not doily concealed by a letter from Vera - "Darling Sweet, I do love you. I have my suspicions that though otherwise capable of being loved in ways that you are not, the something in you that I love shall always love best..."

This is an entirely competent book but I want to protest at the length of biographies these days. Does Vera Brittain, who was not exactly an earth-shatterer, really need as many as 500 pages detailing the minutiae of her life (the best friends at school, the nought she sent to her beloved brother from Malta, Roger Bamister sprinting down the platform at Waterloo)? Is it not possible - I put the question to publishers as well as authors - that there might be a larger, more appreciative readership of biographies of, say, 250 pages?

That would certainly have

been adequate for Vera Brittain's interesting but not stratospheric career. The first war was the moulding experience of her life. Her young fiancé, Roland Leighton, was her one youthful passion, and then he was dead.

The brother Edward, whom

she loved excessively,

was killed as a company commander on the Italian front in what this book suggests might have been suicide after his men had been discovered.

Vera's subsequent marriage to George Catlin, a political scientist who made his academic career in the US and never achieved his political ambitions in Britain, was shadowed by these two wartime deaths.

Then there was Winifred Holtby. The two women loved each other deeply, though there is no suggestion of a physical lesbian relationship.

Their letters put George in his place: after Catlin's whirlwind courtship Vera had explained to him that she would marry principally to have children -

"If ever I am to create physically as well as mentally, I should like to re-create my brother as far as such a thing is possible..." After this alarming revelation, she went on, "I do not demand physical demonstrations of affection.

With Vera's fierce literary ambition was to be "the insoluble conundrum" for the Catlins. It was Winifred who attended the birth of Shirley, on the grounds that she might one day want to use the scene in a novel.

Winifred died early, in 1935,

after completing *South Riding*.

Vera divided her energies

between her writing, her feminism, her pacifism, and her two children. George was absent for many months each year. The children were sent to America for much of the second world war while Vera skated on the thin ice between pure pacifism and the arguments that had to be won. She and her second great friend, the novelist Storm Jameson, fell out over this; Vera was to be deeply involved in the Peace Pledge Union for many years.

After the war she kept on

writing but seemed increasingly out of fashion until Virago's rediscovery of *Testament of Youth* after her death. Her daughter Shirley ("who talks continuously" at the age of three) was a true if perhaps less radical heir. She made a precocious career in the Labour party, and then she co-founded the SDP and finished up in the House of Lords.

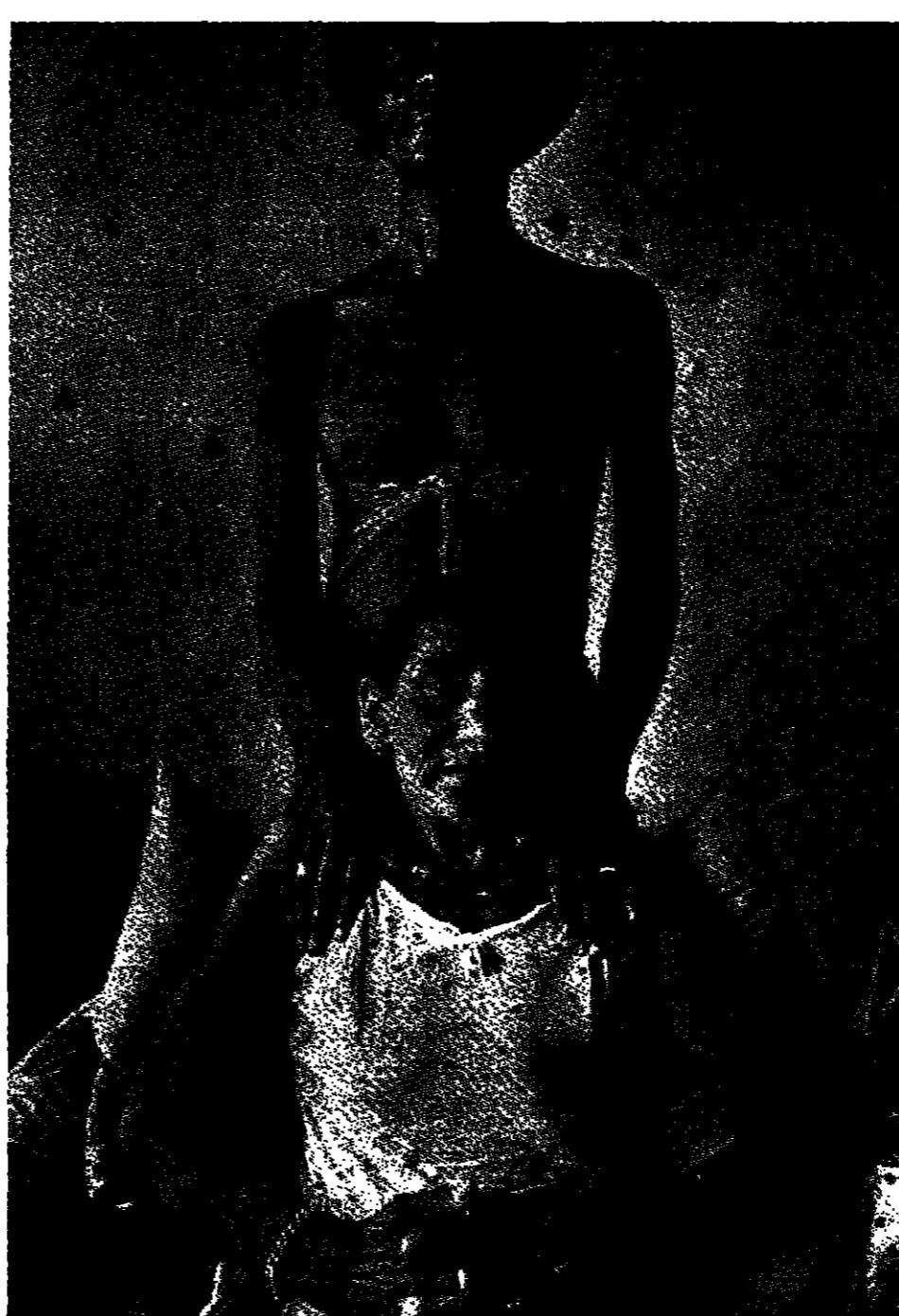
**VERA BRITTAIN:
A LIFE**
by Paul Berry and
Mark Bostridge
Chatto & Windus £25, 381 pages

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Timeless: an old gypsy couple photographed in Zehra, Slovakia in 1967 by Josef Koudelka

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Growing up is hard to do

When we say we are able to solve a moral dilemma, or put our faith in a piece of scientific research, or laud the virtues of a genetically-engineered tomato, we are proving that even as the 20th century draws to a close, we are still children of the European Enlightenment.

John Gray, in this bracing diagnosis of contemporary politics and culture, convincingly argues that it is about time we

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We should instead accept the pluralism and occasional incompatibility to areas which are clearly unsuited to them, no less than to "Monny Pythons" (the middle or to disturb) which "makes us want to hinder, instead of help, our own who are getting ahead".

A third analogy, however, and an opposite one, suggests itself to Fonseca: with her own people, the Jews. For while gypsies may be stereotyped as feckless, it is clear that their real fault is often to be too enterprising. They are usually not farmers or landowners (though whether by their own choice is another matter), but are almost always engaged in petty commerce. While most are desperately poor, some get rich quick, and often they have been the first to seize the opportunities to do so which have opened up in central and eastern Europe since 1989.

Envy is thus one cause of resentment against them. Another is that they have been forcibly settled, or resettled, especially by communist regimes, in places where they are not wanted. Now they are "the focus of a robust hatred - made fresh by the new openness of democracy, which in the eastern bloc, in contrast to the American variety, still means never having to say you're sorry".

Fonseca researched her book by spending much of the time since 1989 in eastern Europe, living with a gypsy family in Albania, and interrogating gypsies and their persecutors across Bulgaria, Romania, Slovakia, Poland and Germany.

She recounts it all with humour and sympathy, neither romanticising her subjects nor seeing them as mere victims.

In the end she finds some hope in their budding self-awareness and willingness to organise themselves - not as yet another nation in search of a homeland or a state, but as people determined to be at home wherever they are. The result is an utterly fascinating, and even an inspiring, book.

Forbes notes that, in addition to the unanimous hatred they inspire among other ethnic groups, gypsies inflict oppression and discrimination on each other. She quotes an

particularly scornful of Francis Fukuyama's "end of history" thesis. It is only by recognising a shared, common culture that we can find the necessary compromises to live together. All the answers currently

being tried out in the world laboratory are found wanting by Gray: in a trenchant chapter on the "undoing" of Conservatism, he derides the "free market fundamentalism" of the Thatcher-Reagan years which have only unsettled communities and delegitimised traditional institutions. Traditional conservatism, he concludes, "is no longer a realistic political option." At the same time, the new liberal solutions to the elimination of social strife - the conferral of collective rights to minority groups, the "reverse apartheid" of affirmative action - have resulted, particularly in the United States, in a "slow slide into ungovernability".

It is in Gray's final chapter, drawing heavily on the work of

Nietzsche and Heidegger, that he finally gives his pessimism free rein: "Giving up the humanism of the Enlightenment and its predecessor culture may not be a real possibility for modern western cultures. The dissolution of the old moral forms, and of the old religions...may be a prelude to an irreversible, and, perhaps, not to be lamented, western decline." He speculates that new, less destructive ways of thought may emerge from non-western cultures, but he does not sound convinced.

Indeed, Gray is at his most plausible when he talks of the revenge the earth might take for having been so brutally exploited in mankind's relentless quest to dominate nature - another legacy, of course, of Enlightenment triumphalism. Maybe he really doesn't think we are going to make it.

It is in Gray's final chapter, drawing heavily on the work of

Walton's own admission, Walton knew very little about fishing - probably about as much as I do and I consider myself to be one of the least skilled fishermen in the country.

Tom Fort knows a great deal about fishing and although you are not likely to discover any tips on how to tie a leader on a fly line, or which 'priest' is best for bashing a fish's head in, the keen fisherman will find him in a great short book.

It is more to do with the spirit and philosophy of fishing than anything as practical as

the kind of guide that might be

Philip Kerr

On the right lines

give this book to anyone who is remotely interested in fishing. They will think you a fool. On the other hand, you could

THE FAR FROM
COMPLEAT ANGLER
by Tom Fort
Merlin Unwin Books £16.99,
247 pages

feel quite safe in giving any fishing enthusiast Tom Fort's book. Why the fishing correspondent of the Financial Times should want to make reference to Walton's book in the title of his own is unclear.

Walton's book is less to do with fishing and more to do with a celebration of England's idyllic rural life - although quite how idyllic England could have been when Matthew Hopkins alone knows big is anyone's guess. The long and the short of it is that you must never

written by someone like Hugh Falkus or chuckling John Wilson. Essentially anecd

ARTS

Hockney shows why he's still a big draw

William Packer takes a retrospective look at the artist as draughtsman

A fascinating and revealing study of David Hockney as a draughtsman opens with two drawings made at Bradford School of Art, where he was a student between 1953 and 1957, and one made when he first came up to the Royal College of Art in 1958, after his National Service. They are of the nude model in the life-studio of a Bradford street - as preliminary, presumably, to a painting - and of the human skeleton. They are the key to all that follows.

The somewhat breathless catalogue is, however, just a shade disingenuous on their relation to the training the young Hockney received, suggesting it was in some sense unusual and restrictive in its academic emphasis upon the life-model and objective drawing. In fact the first two years to intermediates, with its examinations in perspective and anatomy as well as life-drawing, followed by the further two years to the National Diploma - in painting in his case - would have been common to art schools throughout the country, and remained so until the mid-1960s.

He was clearly a precocious talent, and just as clearly it matured and flourished under that regime. The life-drawing in particular, dating from 1954, when he was only 17, and carried out in Indian ink prefigures so much of what is to come. The eye for detail, the light and

varied touch, the naturalism - which are all to be found, for example, in the recent drawings of his dog, Stanley, or in those of his mother he has made throughout the years - all are there.

To suggest then that the exquisite drawings of the skeleton, that he made in his early days at the Royal College, marked a rejection of that first academic grounding, makes no sense. Rather they mark the artist returning to himself and finding his way again after that enforced interval of National Service. And they mark, too, an unconscious celebration of those instilled disciplines of draughtsmanship and observation, by now second nature, that made them possible.

If from this moment, the young Hockney should then move on for a while, to find his imagery in fantasy, invention and photographic reference, rather than in observed reality, so be it. The fact remains that, from now on, the line to be made by the chalk or pencil or magic-marker at his fingers' end, was to command in its subtlety inflection, whatever the nature of the image. For all his extraordinary gifts, his are, nevertheless, a taught and educated hand and eye.

The uses and virtues of drawing are much debated, and Hockney himself is vigorous in their support. Mind you, he has been rebel enough in his time. He it was, we remember, who, in defiance of the rules

presented as his *Life Painting for a Diploma* an image worked up from a muscle magazine, with the direct result that the Royal College then abandoned that useful requirement.

But the point with him is that even in his apostasy, he makes the argument in defence and praise of the disciplines of drawing, founded in technical command and constant close observation of the real and visible world, in every mark he makes.

Indeed, it is as a draughtsman that he has always been most true to himself as an artist, for it has

never been in the stuff of paint itself or in its modelling and handling, that he has expressed himself as a painter, so much as in the graphic disposition of line and pattern and flat, bright colour. The man himself is a masterly designer for the theatre. But with the sketch-book open on his knee, or the paper on the board before him, he seems to forget his public face and reputation, losing himself in the reality that currently intrigues him, whether it is a bunch of leeks in a bowl, or the friend who poses for

him just like the model in the art school all those years ago.

How cunning he is in all of it, how deliciously clever. One quirky drawing line describes the crumpled front of his mother's dress. The crossed feet of his father appear refracted through the glass tabletop. The bright intensity of an Arab's blue burnous, the fuzziness of Osie Clark's Fair Isle sweater, the sheen on a green pepper, are noticed, understood and, by some quiet miracle, described. He more than anyone is the true master of the coloured pencil.

It is an uneven show, maddening at times in the complacency and slackness of some of the later inventions, when compared with the taut energy of the earlier work. And some of the portrait studies suddenly seem over-sweet and sentimental. But the underlying wit and intelligence are never far from the surface, playing games with art history and pictorial convention. And always there is the essential reality of the figure to which he must constantly return, and to a shared humanity with the individual before him.

David Hockney - A Drawing Retrospective: The Royal Academy of Arts, Piccadilly W1, until January 22; sponsored by BMW (GB) Ltd in association with Harpers & Queen.

to himself as an artist, for it has

booked in for most of January.

At present the hall has two successful annual seasons - eight weeks of the BBC Proms in the summer and 12 nights of Eric Clapton each spring. While he waits to hear from the lottery boards Deuchar is constantly checking the box office returns to see how his artistic initiatives, designed to add two more profitable seasons to the schedule during the dead weeks of January and February, are getting on.

One of these is an opera season. The imitable Raymond Gubbay's production of *La Bohème* - scheduled for five nights in February but likely to be extended - is already proving a box office hit, taking almost £150,000 in the first three weeks. The other is an animal free circus, the Canadian Cirque du Soleil, which is booked in for most of January.

The other dead period is after the Proms in October. Deuchar is investigating the insertion of a flat floor, covering the stalls area, which will enable the hall to be used for trade fairs, exhibitions and sporting events. This year, as soon as the Proms ended, the RPO moved in for its first concert as the new house orchestra. It attracted an audience of 3,200 - above expectation - and 10 concerts this season may be extended to 20 in 1996-97.

To get lottery funding you

must provide some matching money. Deuchar has appealed to the 340 seat-holders (often descendants of the original subscribers and those new ones who can afford to buy a grand tier box for £200,000) for £1m, and plans to dedicate the annual surplus, which will reach £1.5m, to the project in the foreseeable future.

There is one conundrum facing the Albert Hall's application. It may attract 1m people a year; it may promote itself as the nation's village hall; but the inevitable consequence of any successful rebuilding will be larger surpluses. Will the cash transfusion?

Deuchar intends to use any surpluses to encourage arts and sciences. He anticipates a £1m annual surplus going towards scholarships, commis-

sions and lower seat prices.

"On the government's side - Treasury, please note - we will make no case-by-case reductions on conventional spending programmes to take account of awards from the National Lottery. The money raised by the lottery will not replace existing government spending."

Will the prime minister's words in September 1994 return to mock him later this month when the heritage secretary Virginia Bottomley surveys her shrunken £1bn budget for 1996-97?

Perhaps not. Just by freezing the arts and heritage budget for a year or two the Treasury will make useful economies and John Major will save face. This is what will probably happen this time. Indeed, a year ago the Arts Council and most

museums were told to expect a standstill grant for 1996-97. This has usually proved a false alarm, but not this time.

So for the next year or so we will witness the extraordinary sight of hundreds of millions of pounds of lottery money refurbishing most theatres, concert halls, museums and arts centres in the nation, while the money available to pay artists and administrators is reduced in real terms.

It is an idiotic situation and that will compel politicians to blur the lines (in around two years' time?) and allow lottery money to be used for revenue as well as capital spending. Of course that will inevitably mean smaller annual grants for the Arts Council, the National Heritage Fund, museums and the like. And Treasury will end up laughing.

Patrick Deuchar: artistic initiatives at the Royal Albert Hall

'Village hall' goes for broke

Antony Thorncroft on why a London institution is hoping for good news from the lottery

No lottery prize winner has won the jackpot twice. But that is the aim of

Patrick Deuchar, chief executive of the Royal Albert Hall,

who next month hopes to hear good news, followed by more good news.

The Royal Albert Hall is exceptional in having two bids for lottery cash: it is seeking £25m from the arts fund and £15m from the heritage. As with the Royal Opera House refurbishment, most of the money will go behind the scenes, making it possible for a Victorian building to cope with contemporary productions and turn them round more rapidly.

Deuchar is sanguine. He has transformed the hall since he took over six years ago, tripling its annual turnover to £20m, of which the hall, a charitable trust, receives around £5m to cover costs. But he reckons that he can only attract new audiences if they enjoy better facilities.

The new audiences are certainly coming. He aims to raise

both the number of shows presented there each year from 260 to 320, and their quality - by dropping some private functions, the less successful charity galas, and the run-of-the-mill classical concerts, replacing them with longer runs by star acts.

At present the hall has two successful annual seasons - eight weeks of the BBC Proms in the summer and 12 nights of Eric Clapton each spring. While he waits to hear from the lottery boards Deuchar is constantly checking the box office returns to see how his artistic initiatives, designed to add two more profitable seasons to the schedule during the dead weeks of January and February, are getting on.

One of these is an opera season. The imitable Raymond Gubbay's production of *La Bohème* -

however much we may enjoy *Cracker and Prejudice*, and all the other television dramas in which huge efforts are made to achieve realism, many of us hanker for more fantasy, more fable, less reliance upon scrupulous reproduction of the natural world and greater recourse to the imagination.

Time was when this appetite was satisfied by the single play which often abandoned realism in both content and style. In the 1950s people such as Dennis Potter, James MacTaggart and David Mercer regularly offered dramas featuring angels, magic and other aspects of the supernatural. Non-realistic studio techniques were used to distance such work from the obsessive authenticity of costume drama, with its bustles and vintage

motors, and modern drama, with its car chases through dockside slums.

Now the single play is a rarity and that appetite has to be satisfied - if at all - by modern American fantasies such as *Star Trek* and *The X Files*. However, television movies have to some extent taken over the role of the single play and this weekend brings two exam-

ples which, although they do not reject realism as vigorously as MacTaggart did with his technique in *Condor*, or Potter with his content in *Blue Heaven*, do nevertheless go well beyond the normal reliance on crinolines and skid-marking police cars.

The first is *Great Moments In Aviation* which opens a new season of BBC2's Screen Two, the slot that showcases BBC films that sometimes end up (occasionally start out) in the cinema. This particular example is notable because it was written by Jeannette Winterson, directed by Beeban Kidron, and produced by Phillipa Giles, the trio which first came together to make the splendid serial *Oranges Are Not the Only Fruit*. Today's offering is nowhere near as good, though there are notable elements. The cast, for instance, is amazing: in spite of the presence of Vanessa Redgrave, John Hurt, Dorothy Tutin and Jonathan Pryce, newcomer Rakie Ayola sails through in the leading role of Gabriel Angel, a young West Indian woman travelling to Britain by ship in 1937.

Like those 1940s films with stars such as Bette Davis and Cary Grant, this takes the ocean liner as its paradigm for the world and, as in those films, we get a broad range of types: homecoming missionaries who are discovering their

lesbianism late in life; a man mistakenly booked to share the heroine's cabin, who may or may not be a Scot; a liar, a forger and a murderer; and an art expert who may or may not be the victim of the Scotsman.

Kidron's use of a sequence of beautiful studio sets is masterly, and there are occasional pleasing moments as when missionary Redgrave lays out Pryce with a Bible which she then reveals is her steel-plated emergency version. Too often, however, as with the title, you feel that Winterson is straining for significance and the trapings of cleverness. One of the missionaries is called Miss Quim; people say things like "Do come, you can have a part to play, you can be whoever you like", and so on. What is missing is that unforced passion which gave such power and impact to *Oranges*.

The other film is *Twins*. *Peaks Fire Walk With Me*, on BBC2 tomorrow night. This is the first showing on terrestrial television of the 1992 "prequel" to the extraordinary saga that was begun by David Lynch in 1989 with a film which led to the cult series about the murder of a high school girl in a small town in the Rockies. There is a certain paradox involved in this latter offering: it looks, in some respects, like an attempt to provide, at

least for cinema-goers, those more explicit and shocking aspects of the story of Laura than could be shown in the television series. And here it is being shown on television.

Those who found the original work with its *Log Lady* and its scarlet dwarf (who recorded his lines backwards, only for the film to be run backwards, thus producing a weird forwards effect) irritatingly mannered and baffling will find this similar or even worse. But those who were willing to enter into Lynch's bizarre parallel universe, and accept it on its own terms, first because it entertained and made its own sense - like, say, *Aliens In Wonderland* - and second because it did reflect very powerfully on the real world, may find this the most striking part of the fable. Though it is still decidedly strange in style and content, and you do have to suspend disbelief with even greater deliberation than usual, you realise at the end that the facts of the matter have all been revealed. And very unpleasant they are.

This is dark and elemental stuff, with Lynch being not unrealistic but brutally realistic about modern American mores, specifically in regard to drugs and sex. True, he keeps on playing with the medium, paying tribute to or pinching ideas from or simply reminding you of Polanski's *Repulsion*, Cocteau's *Orphéus*, and all those cosy American home-town movies which ignored the Lynch aspects of life. But he is no mere *particularist* or *pardist*. His work with film is sometimes closer to that of painters or musicians than to other film directors. It is often called surreal but is actually closer to impressionism. Without literal representation he conveys a vivid, almost overpowering impression of his subject.

This is serious

Where is Britain's first urban oasis? In Salford, within a Duckworth shire of the Rover's Return, where a tower block community is planning its own parallel universe, and its own environment, based on the example of Bedouin settlements in the desert.

However improbable this sounds, it was the heartening sounds, it was the heartening

of *Beachcomber... By the Way* in that bargain basement job lot called *Late Night Opening*? I

I resent him being taken over by the ex-editor of *Private Eye*, even though that organ's customary smut and venom are kept mercifully under wraps on Radio 4. Another rehash of Simon Brett's *No Commitments* was simply not as funny as promised - and not as funny as the original *After Henry* - in spite of an accomplished trio of actresses fleshing out the welcome adult treatment of love, sex and domestic triviality.

What are the new equivalents? Well, *Moving* has come along and gone unable to get its act together, uncertain whether to be sitcom, domestic drama or social satire. The story of two brothers, their troubled building firm and their emotional entanglements, it aimed at Ackborough and too often ended up as bad Donald Magill.

Gary Brown's *Any Bloke*

also suffers from what one might call the *Two Point Four Children* syndrome, taking its

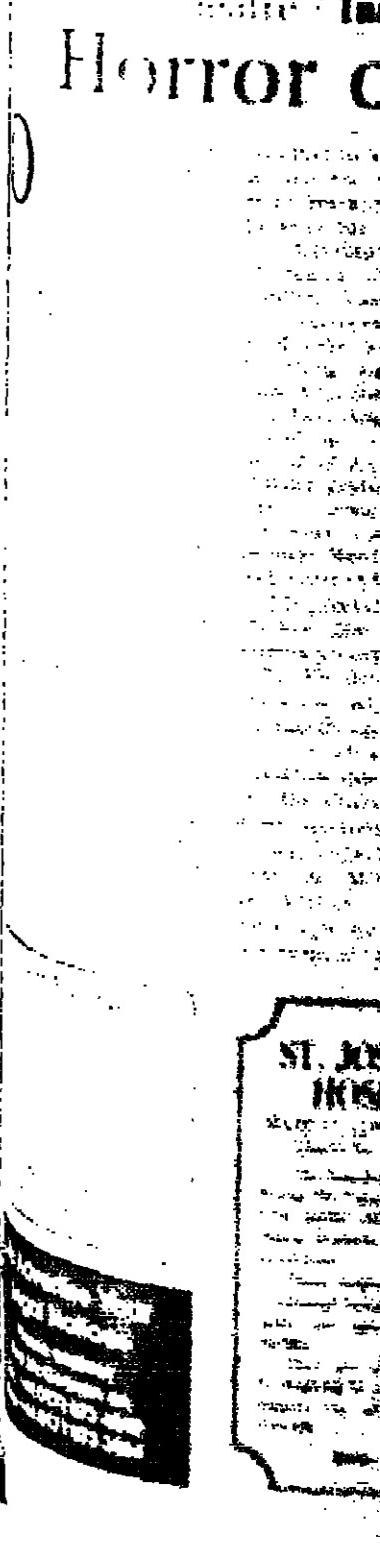
inspiration from the nerve-grindingly monotonous television sitcom, almost offensive in its bland inoffensive ness.

Freed from a fictional story,

Horror



"For all his extraordinary gifts, his are, nevertheless, a taught and educated hand": Hockney's 'Shell Garage, Luxor' in coloured crayon, drawn in 1963.



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INTERNATIONAL ARTS GUIDE

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OPERA/BALLET
Het Muziektheater Tel: (020) 551 89 22
• The Flying Dutchman: by Wagner. Conducted by Graeme Jenkins and directed by Richard Jones. Soloists include Harold Stamm, Karen Huffstodt, Mark Baker and Hebe Dijkstra; 8pm; Nov 14, 17

BARCELONA

GALLERIES
Centre de Cultura Contemporània Tel: (033) 4120781
• A Century of Cinema: documents, photographs, excerpts from films, sound documents and showings of the most representative images of the medium; to Jan 15
Fundació Joan Miró Tel: (93) 329 19 08
• Oix. Reus, Paris, London – That's How I Wander...: installation by the group of artists, Fundació Joan Miró. 13 trunks filled with moments and dreams of childhood reflect a voyage through time and memories; to Nov 19

BERLIN

GALLERIES
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• The A and O of the Bauhaus: more than 400 Bauhaus advertising designs that demonstrate their printing, typography and graphics; to Nov 12
Brücke Museum Tel: (030) 831 2029
• The Bridge's Watercolours: more than 250 pieces by "Bridge" artists such as Erich Heckel and Ernst Ludwig; to Jan 7
Deutsches Historische Tel: (030) 215 020
• Pictures and References to German History: exhibition with more than 2000 paintings, coins, materials and other artefacts that document the history of Germany; to Dec 1
Kunstgewerbeschule
• Contrasts in 20th Century German Design; to Dec 1
Märklin-Gropius-Bau Tel: (030) 25 48 60
• Berlin-Moscow Moscow-Berlin: 2,000 paintings, photographs, film and stage sets by artists such as Dix, Chagall, Nabokov and Gross. This is the centrepiece of the Berlin-Moscow festival and includes art works from the Tretiakov Gallery; to Jan 1
Neue Nationalgalerie Tel: (030) 2682653
• Cy Twombly: retrospective with 120 works by the contemporary American artist; to Nov 19

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CONCERTS
Beaux-Arts Tel: (02) 507 82 00
• Belgian National Orchestra: Yuri Simonov conducts Magnard's "Hymne à la Justice", Dvořák's "Concerto, opus 104" and Rachmaninov's "Symphony No.3"; 8pm; Nov 12
• Liege Philharmonic Orchestra: Pieter Bartholoméus conducts Ravel and Tournemire; 8pm; Nov 18

CHICAGO

GALLERIES
Art Institute Tel: (312) 443 3600
• Claude Monet: 1840-1926: comprehensive exhibition of Monet's work. 66 institutions and 37 private collections from 15 countries have contributed 158 works for this show; 7pm; to Nov 26

DUSSELDORF

GALLERIES
Kunstsammlung Nordrhein-Westfalen Tel: (0211) 83810
• The World of Children: comprehensive survey of Picasso's work with children; to Dec 3

FRANKFURT

GALLERIES
Schirn Kunsthalle Tel: (069) 29 95 811
• Longing for Happiness: exhibition of paintings by the Viennese trio Gustav Klimt, Oscar Kokoschka and Egon Schiele; to Dec 3

LONDON

CONCERTS
Queen Elizabeth Hall Tel: (0171) 928 8800
• BBC Symphony Orchestra: Manfred Honeck conducts Webern, Mahler and Tchaikovsky. Soloists are Barbara Bonney and Matthias Goerne; 7.30pm; Nov 15
Royal Festival Hall Tel: (0171) 928 8500
• Maunz Pollini: pianist plays Schumann and Chopin; 7.30pm; Nov 14
Royal Opera House Tel: (0171) 304 4000
• Manon directed and choreographed by Kenneth MacMillan to the music of Massenet and conducted by Barry Wordsworth; 7.30pm; Nov 11 (7pm)
• Swan Lake: choreographed by Marius Petipa and Lev Ivanov. Vakhtangov conducts Tchaikovsky; 7.30pm; Nov 15, 17

GALLERIES
Girblieks Tel: (0171) 638 8891
• Carrington: retrospective of works by artist Dora Carrington (1893-1932). The exhibition contains paintings, drawings, woodcuts and illuminated



Conductor Esa-Pekka Salonen: the Royal Opera House, London

Catherine Ashmore

letters; to Dec 10

• The Art of African Textiles: comprehensive look at innovations in textile design across the continent; to Dec 10

Hayward Tel: (0171) 261 0127

• Art and Power: examination of the relationship between art and politics in 1930s and 40s Europe where culture became an arena for the struggle between communism and fascism; to Jan 21

Searchlight Tel: (0171) 624 8299

• Young British Artists V: Kerry Stewart, Glenn Brown, Keith Coventry and Hadrian Pigott; to Dec 30

OPERA/BALLET

English National Opera Tel: (0171) 632 8300

• Carmen: by Bizet. Conducted by Sian Edwards/Michael Lloyd and directed by Jonathan Miller. Soloists include Louise Winter, Robert Brubaker and Janice Watson/Cathryn Pope; 8pm; Nov 15

• The Barber of Seville: by Rossini. Conducted by Jane Glover and directed by Henry B. Little from the original direction by Jonathan Miller. Soloists include Alan Opie, Jean Rigby/Fiona James, Charles Workman and Gordon Sandison; 7.30pm; Nov 16, 18

• The Fairy Queen: by Purcell. A new production conducted by Nicholas Kok and directed by David Pountney. Soloists include Yvonne Kenny, Jany Kelly, May Hegarty and Yvonne Barclay; 7.30pm; Nov 11, 17 Royal Opera House Tel: (0171) 304 4000

• Mathis der Maler: by Hindemith. A new production directed by Peter Sellars and conducted by Esa-Pekka Salonen. Soloists include Inga Nielsen, Christiane Oelze and Yvonne Minton; 7pm; Nov 16

THEATRE

National, Cottesloe Tel: (0171) 928 2252

• Cyrano: by Edmond Rostand, adapted by Ranjit Bolt and directed by Anuradha Kapur. Rostand's French romance relocates to 1930s India with a mixture of colour, live music and dance. Cast includes Naseeruddin Shah; 7.30pm; Nov 11 (2.30pm), 13

• Richard II: by William Shakespeare. Deborah Warner's new production featuring Fiona Shaw as the king; 7pm; Nov 17, 18 (1pm)

• Skylight: by David Hare. Directed by Richard Eyre and starring Michael Gambon and Lia Williams; 7.30pm; Nov 14, 15, 16 (2.30pm)

National, Lyttelton Tel: (0171) 928 2252

• La Grande Magia: by Eduardo de Filippo. In translation by Carlo Arditò. Richard Eyre directs Alan Howard and Bernard Cribbins in de Filippo's comedy; 7.30pm; Nov 11 (7.15pm), 13, 14 (2.15pm)

Royal Court Tel: (0171) 730 1745/2554

• The Steward of Christendom: by Sebastian Barry, produced by Max Stafford-Clark. Cast includes Dornal McCann; 7.30pm

METROPOLITAN

Elle Island Museum Tel: (212) 363 3200

• Elle Island Collection: as a point of arrival for many settlers in the US, this exhibition consists of photographs, clothes and other articles that have been collected over the centuries; to Jan 8

Guggenheim Tel: (212) 423 3500

• Class Oldenburg: an anthology of works by one of the key figures of Pop art in the 1960s. The exhibition includes a new piece entitled "Sleeping Beauty"; 8pm; Nov 17

Metropolitan

Elite Island Museum Tel: (212) 363 3200

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James Morgan

Thinking man's guide to mob rule

A pollster's query, loaded with semantic booby traps, highlights a modern dilemma over our prejudices

Have you noticed how attempts to make things "relevant" have the opposite effect? I have been admiring the plots of those who strive to make time-honoured truths appeal to modern man, and to ensure that his prejudices are treated as wisdom.

In the course of many references to the icons of popular culture, a prize-winning preacher on the radio last Sunday described saints as "those Gary Linekers of the faith". Gary Lineker is a nice, popular and rich man, and a good footballer. Saints were not nice, seldom popular and never rich. But the sermon left us with the impression that

when St Stephen was stoned to death he must have felt it was scoring a goal for Jesus.

Around that time I also read the results of an opinion poll from the Gallup organisation in *The Daily Telegraph*. It showed that the Labour party was about 40 points ahead of the Conservatives who have been in charge of Britain's destiny for nearly 17 years. One of the questions was: "With Britain in economic difficulties, which party do you think could handle the problem best - the Conservatives or Labour?"

Many will be outraged by the use of "best" when only two alternatives are posed. Others will hate

the idea of asking who could "solve the problem best" without identifying the nature of the problem. The pollster's question was in fact,

"Who would solve the problem of the difficulties better?" but had it been posed in such a manner the logical lacuna would have been exposed. And it would not have been so easy to pander to popular feeling.

We are always being patronised with the demotic even though it is either devoid of meaning or loaded with semantic booby traps. So the *democ* in this case, on hearing Gallup's question, will take it to mean:

"Now that the Tories have got us into this mess, should they or

Labour be allowed to try to get us out of it?"

Suppose the question were posed thus: "With the British economy enjoying steady, low inflationary growth and falling unemployment, which party would you more trust to build on this achievement - the Conservatives or Labour?" Any organisation asking this would be exposed to ridicule, but is it any worse? It contains a similar controversial premise yet avoids the flawed logic, horrible syntax and bad grammar of the original. It will never be asked.

The problem in this case is that pollsters believe what they are told.

People grumble about the economy,

so it must be "in difficulties". Just work. Popular prejudice is sanctified by pulpit and pollster. Even those who complain about declining standards genuflect to the base and worthless. After all, it makes life easy and eliminates the need to think. Today it is permissible to believe that Shakespeare is a kind of second-rate Steven Spielberg but not that rock music is rubbish. It was a rare concession to elitism that led the preacher to imply

saints were as great as football stars.

Unfortunately this kind of *noblesse oblige* has dire effects. In the end, of course, the victims are not those who perpetuate idiot pop-

ulism but those who are swindled by it. Thus unemployment offices team with young men who genuinely believe that football and rock music represent mankind's highest achievements. They have been told bad English is good, that slovenly thought processes can be enshrined as science and then wonder why they cannot get jobs.

Their sisters have been less affected by such delusions and the *tradition des clercs*. The results are clear. The girls get work and rightly refuse to marry the young men who father their children.

■ James Morgan is economics correspondent of the BBC World Service.

Interview

Judaism and the feminine touch

Joe Rogaly tries to get to the roots of Rabbi Julia Neuberger's beliefs

The first question to ask a rabbi, surely, is "do you believe in God?" Julia Neuberger replied with a quick "yes". What did she mean? "Yes?" Her rabbinical response lacked precision. When a child, she might have thought of an old man with a beard sitting in the clouds "or a blonde woman" I interjected; "It's gender-free" she flashed back.

Now, at 45, she has no representation of the divine form in her mind. She varied, she said, between thinking of a creative force "almost without the ability for me to talk to him or her" and something like conscience. "What I have," she writes in her new book, *On Being Jewish*, "is a deep certainty of something other and beyond, some being who has a plan."

This deity was aware of the existence of Rabbi Neuberger? Probably, some of the time. When He/she/It chooses to notice her, He/She/It will see a liberal activist, a Jew by origin and upbringing but, to her interviewer's ear, a near-humanist with a kosher pedigree. Did she believe in the continuation of her consciousness after death? No. Jews tend to be iffy about that. Rabbi Neuberger is clear. She does not anticipate a hereafter. It makes you reflect on the promise offered by Jesus Christ - that in return for believing in Him there would be everlasting life. Irresistible.

The erstwhile Rabbi of the South London Liberal Synagogue rejects the notion of a personal Messiah. She also does not accept the story of Moses ascending Mount Sinai. "I absolutely do not believe that God said to Moses, 'here you are, here are the tablets of stone'." As for the exodus from Egypt, there was no evidence to back it up. This is Jewish? "I think if you are orthodox you would say you believed even if you did not." She conceded that in terms of theology her liberal branch of Judaism was the most nebulous. It was a mistake to ask her to



Rabbi Julia Neuberger: "Sexual shame is foreign to Jews. In our tradition a man is supposed to make love to his wife on the sabbath, because it is a form of joy and one should rejoice on the sabbath" Ashley Aspinwood

describe the variations between orthodoxy, reform, liberal and other branches of Judaism. Her reply was erudite, but not easily summarised, nor would you be much the wiser if it were. As she spoke there was time to note the fluttering hands, the quick movements, the easy laughter, the eye contact, the appealing personality. What she actually said brought to mind Jewish jokes on the topic. The best is about the Jew alone on a desert island. He founded two synagogues, one he could attend and another he would not be seen dead in.

The Rabbi denies that the telling of self-deprecating funny stories is the essence of Jewishness. That is an east European characteristic. Her roots go back to Germany. Her grandfather came from Frankfurt to work in the then family bank, Japhet, later taken over by Charrterbank. Her mother, who arrived as a refugee in 1937, still speaks with a strong German accent. This rabbi is blonde, fair-haired; you can picture her plaited. In her consciously ironclad phrase, she could pass for Aryan.

Being a Jew is therefore not a matter of looks, ethnicity, race. How about creed? As we have seen, the religious faith can be tailor-made, starting with the cloth of ancient law and cut according to a thinking rabbi's conscience. What is that?

There are well-known characteristics. Jews are articulate - "verbal" is the word she used. They are strong believers in learning. In England they tend to identify themselves by profession. There are personal foibles. Did the rabbi keep a full fridge? "I always worry that there will not be enough... I have food to feed an army when we have six for supper. There have to be massive leftovers."

Here we digress and talk of the abiding subject of our age. She attended a north London girls' school in the permissive 1960s. Was she a fast little piece? "Sexual

shame is foreign to Jews," she writes. "In our tradition a man is supposed to make love to his wife on the sabbath, because it is a form of joy and one should rejoice on the sabbath."

But, she is asked, what if it is not his wife, or her husband? Before marriage, that was OK, provided it did not harm others. After, no. Marriage was based on trust. She would prefer her children to marry, and best of all marry Jews, but she would not be dreadfully disturbed if they took partners, provided they were not promiscuous.

Did she think people tried hard enough to make marriage work? "No, but I do think there is such a thing as an irretrievable breakdown. Some people's marriages were not made in heaven," she challenged orthodox Judaism, which had treated women "outrageously". A day or so before we spoke 50 Jewish women, some wearing chams, stood outside the office of the Chief Rabbi. They were pro-

testing against laws which "chain" a Jewish wife to her husband if he refuses to grant a religious divorce.

"There is no doubt as to whose side I am on. I am part of the Jewish women's network," said Rabbi Neuberger. She agreed that her life choices and religious beliefs amounted to a feminisation of Judaism, to some almost a contradiction in terms. The Jewish orthodox tradition did little for women. At least Christians had had converts.

Predictably, the family was central to her faith. "We are all always in on a Friday night," she said. It was a chance to rehearse the events of the week. "Growing up with these huge Friday evening meals at grandmother's house made me realise how very different I was from my non-Jewish friends," she writes. She has not forbidden her teenage children to go out on the Sabbath, "but on the whole they do not."

Yes, yes, but still it we have not nailed down what it is to be a Jew. It turns out to be a faith-based

belief in social justice. Reformed Judaism as created in Germany was particularly strong on *tzedekah*, the obligation to give 10 per cent of one's income to the poor. Jews were naturally "that awful word, communists". She quoted Rabbi Hillel: "Do not do unto others what you do not want them to do unto you. That is the whole of the Torah. The rest is commentary."

We recalled the story of the *schornor*, the beggar, who asks a rich man for help. "You are not making any effort to help yourself," says the rich man. "I don't tell you how to do your business. Don't tell me how to do mine," the *schornor* replies. "It was authentically Jewish to help even the unattractive indigents. Non-orthodox Judaism has taken the ethical values of Judaism and written them large.

So Judaism for her was her life experience plus a strong moral message that came through from the Hebrew prophets: "I am not suggesting we have it alone." The refi-

gion was based on law rather than faith. The strength of the law lay in the idea that its authority was God-given. "Whether I look Jewish or not is irrelevant. I do think we have a sense of peoplehood."

Rabbi Neuberger sounds as if she has been expressing opinions based on these precepts for a long time. In 1989 she left her post at the synagogue, after 12 years, to put in a bit of study and research, particularly into medical ethics. Today she is chairman of the Camden and Islington Community Health Service NHS Trust, chancellor of the University of Ulster, visiting member of a handful of voluntary organisations in Boston, Massachusetts, a leading Liberal Democrat, a lecturer at the Leo Baeck College, where she trained as a rabbi, a member of the Human Fertilisation and Embryology Authority, a member of the General Medical Council, this is, that and the other - in short, in a phrase she charmingly accepted, a

One of her quango appointments was made by Stephen Dorrell, another by Virginia Bottomley, both Conservative ministers. She says Bottomley has been unjustly criticised, possibly because she is a woman. She defends the purchaser-provider split in the health service. Yet the Rabbi is no Conservative. "You can be a socialist and a Jew and I have to admit with difficulty you can be a Tory and a Jew."

Also British and a Jew, "I feel intensely British," she writes, before going on to sketch the history of anti-Semitism in Britain. Could Jews ever be totally accepted as British? "The other day on the train I heard someone talking about 'that Jew Michael Howard'. In spite of who he is (Home Secretary) I went up and said I do not think that is relevant." Did she think this attitude would ever change? "I think it is changing at the moment." She may have meant for the better. She may be right. God willing.

*Heinemann, London



Peter Aspden

A polish for the 'feel-safe' factor

Governments, authorities, citizens are being urged to wash their troubles away.

The idea is that if everyone contributes to maintaining an unsullied, tidy neighbourhood, crime will be discouraged. It is based on the view that criminal intentions breed like germs in a neglected U-bend, but retreat when confronted by the purifying disinfector of neatness and order.

The contention that we can flush our felonies away has also found support in Britain, most recently in the words of shadow home secretary Jack Straw, who called for the re-claiming of the streets by law-abiding citizens and for a less tolerant attitude towards the "wino, addicts and squeegee merchants" who were partly responsible for making inner-city life ugly and brutal.

Unsurprisingly, there is an academic theory lurking in the background of what would otherwise seem to be a common-sense view of the world. The "Broken Windows" thesis was expounded by two American social scientists, James Q. Wilson and George L. Kelling, in 1982.

Unlike many academic theories, it has an appealing, home-spun simplicity: if you leave one broken window in a neighbourhood, it gives a clear signal that no one cares; before long, all the remaining windows will be broken. If you repair it straight away, miscreants know that someone, somewhere is watching and noticing.

This moral has been absorbed with little enthusiasm in some US cities. Graffiti is dealt with in double-quick time. Streets are swept and cleaned continuously.

A news report on British television

showed municipal staff responding to an "odour hot-line", on which members of the public could report the dubious smells which have become part of urban life. A bystander greeted the subsequent patrol unit with the kind of welcome that used to be reserved for the liberators of conquered cities, and a snappy line to boot: "Toul small lead to foul attitudes."

The accolade was not entirely unanimous: one woman intent on creating a mild "back to nature" effect in her front garden was dismayed to find herself reported and

ordered to do some serious trimming. But elsewhere, there was widespread approval. It made residents feel "safer".

And there we have the key. The evidence on the effect on crime of previous clean-up campaigns is at best equivocal; what is undisputed is that living in a clean, properly maintained environment makes people feel more secure. And who knows, this might have a decisive longer term effect on potentially criminal minds.

Little wonder, then, that politicians have cottoned on to the feel-

safe factor; the language of security, of order and stability, has a greater resonance among the public than endless quibbling over inflation or interest rates.

It is, in a quite literal sense, a superficial remedy to the occasionally devastating effect of inner-city blight. But could there be a more appropriate response in a world which has become so obsessed with surfaces and illusion?

In the 4th century BC, Aristotle wrote of the powerful metaphorical effect of catharsis on theatre audiences, who were purged of their pity and fear through their vicarious participation in Greek drama. In today's more prosaic age, the drama is on the streets; we are equally fearful, but have to find solace in the sweeping of a gutter and the trimming of a garden hedge.

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Weekend Investor

Wall Street

From despair to euphoria in a year

The 12 months since last November have seen a reversal of fortunes, says Maggie Urry

This week marks a year since the US congressional elections gave the Republican party a majority in both houses for the first time in 40 years.

At that time, this column noted that victory raised the spirits of the stock and bond markets for barely three hours. Both were in the depths of despair.

There could hardly be a greater contrast between the mood then and now. Last November, it was hard to see beyond the gloom. Now, virtual euphoria reigns.

As it turned out, the bond market's misery a year ago had reached its end. The long bond yield hit its peak the day before the congressional elections, having risen from 6.18 per cent in January to 8.16 per cent.

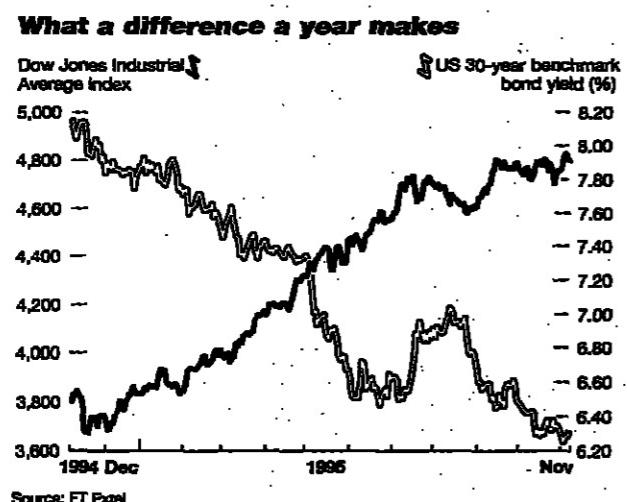
The Federal Reserve had first lifted official interest rates in February and continued to do so until, in November, the market could not see when or how they might turn down again.

Meanwhile, stocks, which had held up better than bonds through the year, were also dismal. The Dow Jones Industrial Average hit its 1994 low early in April but was down in the dumps again by November. A year later, the long bond yield is about 6.3 per cent and the Dow has been setting records. It is now about 1,200 points - or one-third higher than last November's low.

Turning points in the market are usually difficult to see at the time but become more obvious with hindsight. In retrospect, there have been several things working in the market's favour over the past 12 months.

Take politics first. Those congressional elections, and the "contract with America" on which the Republican victory was based, has translated into some positive action for the markets.

Although promises of a cut in capital gains tax have yet to be kept, they continue to be made. There have been determined efforts to reduce the budget deficit, although the balanced budget amendment to the constitution narrowly missed being passed. The Republicans are pursuing a plan to eliminate the deficit by 2002 and give substantial tax cuts to the investing classes. Even the Democrat president has accepted the need to cut



spending, albeit to a lesser extent.

But with the rapid approach of next Wednesday's deadline for making \$25bn of interest payments on government debt, this week the politicians have been heading equally quickly for a showdown on the question of the increase in the debt ceiling necessary to make those payments. Unless it is raised, the government would have to default on its bonds for the first time in 200 years.

The Republicans craftily tied a lifting of the ceiling to budget cuts they knew the president would find unacceptable. He said he would veto the proposal. So, each side was preparing to blame the other should the default occur. But the markets' buoyant mood has allowed them to ignore all this, assuming that something would be sorted out at the 11th hour to prevent the "unthinkable" default.

More important than politics over the past 12 months has been the course of interest rates. Last November, the Fed was not even halfway to raising them from 3 to 6 per cent in an attempt to engineer a "soft landing", damp down a rapidly growing economy and head off inflation. It could not be foreseen then that the Fed would make its final rate increase as soon as February 1 this year. After that the darkness turned quickly to dawn as it became clearer that the next move in interest rates would be down.

The soft landing has been one of the financial market's big themes of the year. The desired combination of moderate growth and low inflation has at times seemed unachievable.

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Are you sitting comfortably? Then I'll begin. Once upon a time, there was a little stock market skipping through the woods. Suddenly, a big bull appeared.

"Keep on going," bellowed the bull. "Corporate earnings are growing, interest rates and inflation are low by historical standards, takeover speculation is rampant and Wall Street is hitting all-time highs. You've never had it so good."

The stock market thought for a moment and started to bound ahead, singing happily. Then, a huge bear jumped out from behind a tree.

"Go back," it roared. "There is danger everywhere. The economy is slowing and earnings forecasts are being revised downwards, the government is about to cut taxes and worsen the deficit problem. Labour may be elected soon, and Wall Street is over-valued."

All this advice was too much for the market. It hopped from one foot to another, trying to

decide whether to go forward or back. Then it saw a sign which said "Footsie 3,500" and decided to hang on to that.

For much of the week, this fairytale has been all too true. The market seems unable to break out of the 3,450 to 3,600 trading range in which it has been stuck since the start of August. Since October 20, the range seems to have narrowed further, to between 3,500 and 3,550.

On Thursday, for example, Footsie reached 3,553 briefly in the early part of the session but fell back to close at 3,541. It dropped further yesterday to 3,523.4, pulled back towards 3,500 like a ball on elastic.

With investors looking forward to the Budget on November 28, it is hard to see what will force Footsie out of the range before then. Investors seem content to sit on the healthy profits they have made so far this year.

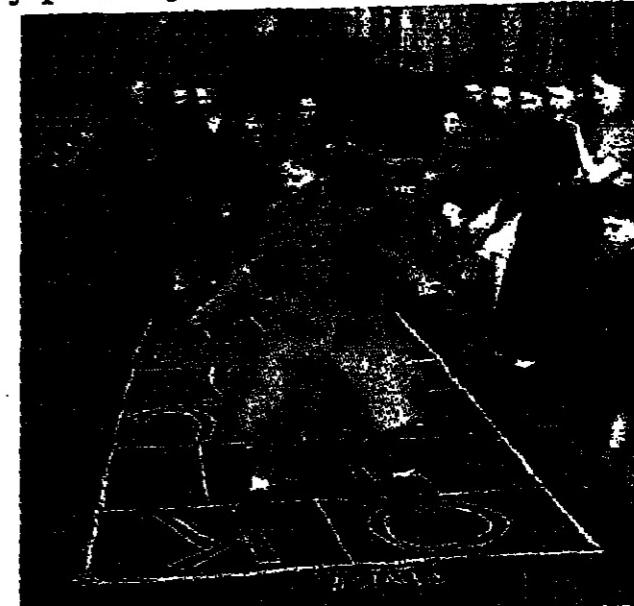
Fortunately, there has been plenty of corporate news to maintain their interest. South Wales Electricity this week became the latest utility to be the official target for predatory interest, with Welsh Water announcing it was considering a bid. There are now only four regional electricity companies which have not been the subject of bid announcements.

On balance, the results news was positive, although there were a few notable exceptions.

Ladbrokes, the gaming and hotels group, warned on Thursday that the national lottery was continuing to bite into business in its betting shops.

Shares in Amersham International, the health sciences group which was one of the government's first privatisations, plunged after the group revealed flat interim pre-tax profits. But there were good figures from the leading retail group Marks and Spencer, from tobacco and financial services conglomerate BAT Industries, oil major BP, and drinks group Allied Domecq.

The four-week average of the dividend index, this column's



The market hopped from one foot to another

indicator of corporate sentiment, still languishes below 50 per cent although it edged ahead this week, at least.

In the second half of the year, though, politics will start to weigh on both equities and bonds, with the latter also hit by signs of inflation. In a year's time, Semple sees Footsie back at 3,600.

If he is right, this means Footsie will be only 2 per cent higher by end-1996 than its level in February 1994. It is a depressing thought for those investors who have been wistfully contemplating Wall Street's repeated highs; as the graph shows, the UK market has trailed well behind the Dow Jones Industrial Average over the past couple of years.

In recent weeks, Footsie's success has disguised a weaker performance from the broader market. While shares in takeover hopes have been racing away, many stocks outside the financial and utilities sectors have been falling.

Technical analyst Brian Marher says that, this week, the 13-day average of stocks making new lows for the year exceeded the average of those making new highs for the first time since September 1994.

Slowing economic growth has helped government bonds; it also seems to have convinced the Bank of England not to press for an interest rate increase.

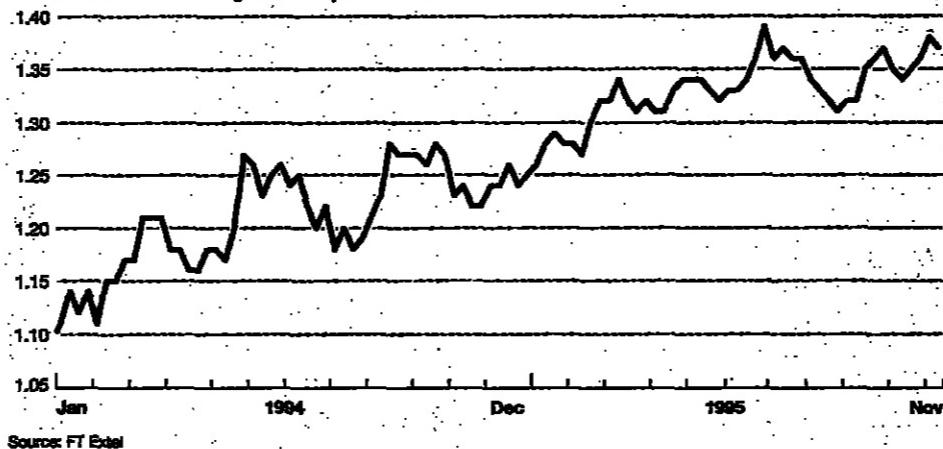
In its latest inflation report, published this week, the Bank said the recent slowing in the pace of growth might continue if companies met demand from unsold stocks rather than from new production. But the Bank feels this is just a growth pause rather than the start of a recession.

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Never fear. The beauty of statistics is that it is always possible to find one that provides some comfort. Christmas is coming and, as David Schwartz points out in his stock market handbook, December and January have traditionally formed the best two-month period for stocks in the year. All good fairy tales should have a happy ending.

Wall Street leaves London far behind

Dow Jones Industrial Average divided by the FT-SE 100 Index



■ Highlights of the week

	Price	Change	1995	1995	1995
	Yester	on week	High	Low	Low
FT-SE 100 Index	3,553.0	+23.0	3,553.0	3,523.4	3,500.0
FT-SE Mid 250 Index	3,902.3	+28.6	3,911.3	3,800.0	3,800.0
Canal+	180	-4	278	174	174
Dorling Kindersley	511	+19	548	495	495
GKN	820	+19	820	543	543
Hickson Int'l	85	-14	145	85	85
Northumbrian Water	1,108	+105	1,108	678	678
Pilkington	183	-124	217	143	143
Reuters	910	-38	916	894	894
Royal Insurance	382	-25	426	251	251
Seabord	633	+102	633	304	304
South Wales Elec	1,044	+119	1,075	680	680
Weir Grp	220	-16	239	218	218
Witney	429	+30	429	324	324
Zeneca	1,239	+57	1,250	840	840

New high on Wall Street. Bid hopes continue. Talk of downgrades. Microsoft state sale. Institutional dinner. Profits warning. Lyonaise offer awaited. Profit-taking. Share buy-back optimism. Disappointing figures. Agreed bid from CSW. Takeover expectation. BZW "sell" advice. Sector opening. Speculative buying.

Barry Riley

Fringe Freddie's birthday blues

Forget the champagne - it's conspiracy theories all the way

but I had to try. "Surely decent rainfall in the right places will cure the problem next season," I suggested.

"And by the time they have brought some land out of set-aside, there will be a glut all over again. They will be rebuilding a grain mountain."

"Not a chance," said Freddie. "Professor Raymond Wheeler's Drought Clock, with its 500-year rhythm, points to an inevitable crisis as we head for the year 2000. Global warming caused by atmospheric pollution can only make the problem worse. The wheat harvest is already running 5 per cent below consumption, and farmers have reached the limit of fertiliser use, the experts believe."

Well, I said, I hoped gambling on wheat proved a better idea than his former enthusiasm about gold, the price of which had got completely stuck. But I had said the wrong thing again.

Freddie's eyes lit up. He was off and running. "Gold's moment is about to come," he rasped. "Just look at the financial mess governments have got themselves into. The US is planning to default on its debt. France is in deep crisis as it veers rapidly away from the Maastricht debt limits, and the Japanese financial system is about to melt down entirely."

It's time to get into real assets. There will be a

simple explanation for why Japan major is supporting French nuclear tests on coral islands in the south Pacific?" I blurted.

"Er, probably to attract the Salford area vote," I blurted.

But Freddie was not even listening. "There's a deal. There has to be. It's to help Chirac plan to abandon the franc fort. That's what lay behind this week's otherwise nonsensical reshuffle: it was a clear-out of ministers who wouldn't agree. But when it happens, European monetary union will finally be dead and just watch Italy, Belgium and Sweden collapse."

"You are cheeze me up no end, as usual!" I said, "but never mind. We're celebrating, so please have some more pink FT birthday champagne."

Freddie looked at his glass for the first time and seemed puzzled. "FT? Pink champagne? This is the Kondratieff Society's annual cocktail party, isn't it? We always celebrate the great Nikolai's anniversary."

"Next door, old boy," I told him. "But no harm done, the rest of the long cycle fans will be there for hours yet, discussing whether the Kondratieff Wave is heading up or down. And you might just have given me the idea for a column."

I shrugged. The simpler explanation was always better. I suggested the Québécois bottled out, just like Colin Powell.

By now, Freddie was beginning to gesticulate wildly. He jabbed a finger in my face. "Then what's your

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